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THE Marketing and Transportation SITUATION

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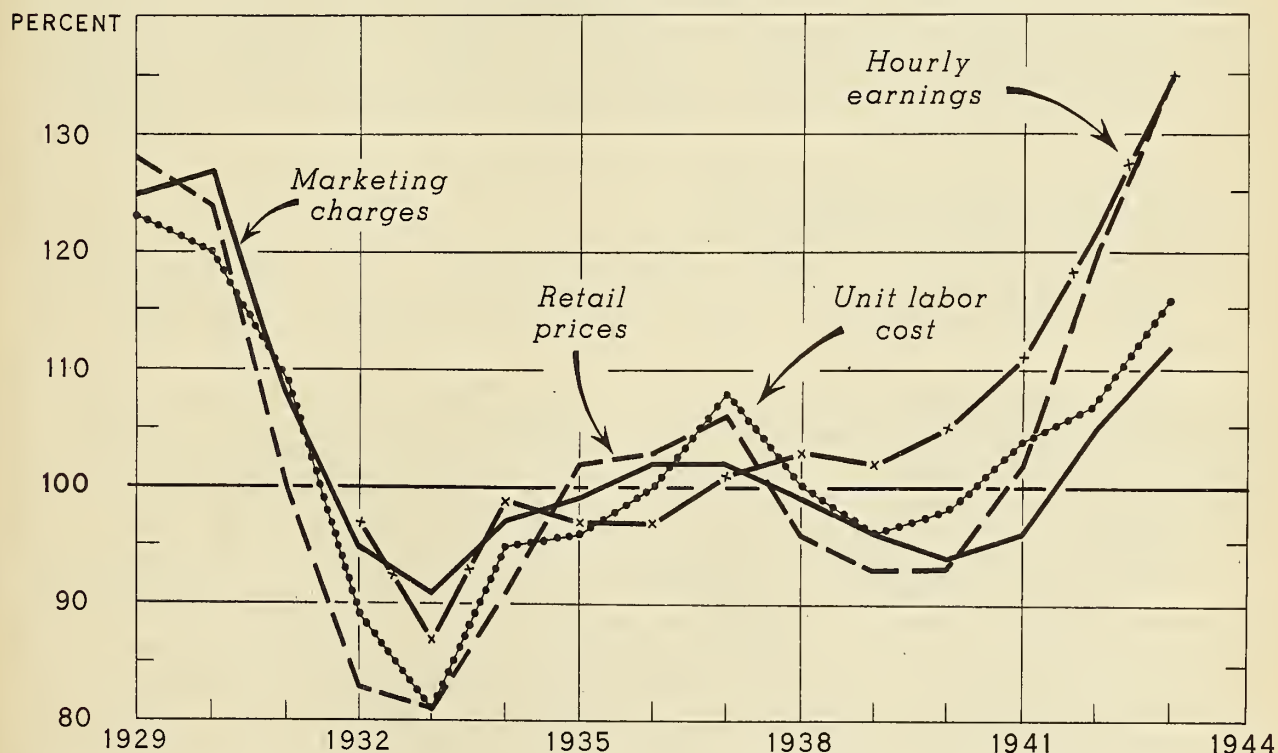
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MARKETING CHARGES AND RETAIL PRICES OF DOMESTIC FARM FOOD PRODUCTS, HOURLY EARNINGS OF FOOD MARKETING EMPLOYEES, AND LABOR COSTS PER UNIT OF FARM FOOD PRODUCTS MARKETING, UNITED STATES, 1929-43

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Charges for marketing farm food products vary with changes in price levels and operating costs. Labor cost is the most important single cost item. Labor cost per unit of product marketed allows for changes in labor productivity per man hour and is more closely associated than hourly earnings with changes in marketing charges.

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THE MARKETING AND TRANSPORTATION OUTLOOK FOR 1945

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THE FOOD PROCESSING AND MARKETING OUTLOOK FOR 1945

Prospective changes in food processing and marketing in 1945 hinge largely upon ending of the war in Europe and the consequent effects on Government requirements for different foods and upon civilian demand. These effects are by no means clear at this time, since they depend partly upon the rate of demobilization of the armed forces, policies with respect to lend-lease operations, and immediate requirements for feeding and clothing the liberated areas. Not enough is known at present about these factors to warrant many positive generalizations. Nevertheless, stocks of food on hand and in prospect for 1945, in relation to probable requirements, indicate a substantial easing of the pressure to produce a number of specialized war foods and a shift from shortages to surpluses of some commodities.

Marketing Reconversion to Begin in 1945

It is evident, therefore, that unless military prospects are drastically revised, the reconversion of processing and marketing facilities to a peacetime status will be well under way in 1945. Careful plans should be made to deal with the situation.

Many of these reconversion problems will be the responsibility of private marketing agencies rather than of the Government. With developing war needs, it was necessary for the Government to determine the kinds and quantities of the tremendously varied new food products required in the prosecution of the war, to find marketing agencies able and willing to furnish these commodities, and to assist these agencies in making the required production shifts. As war contracts are cut back, on the other hand, it will be the function of the private agencies to make the necessary shifts to peacetime products. The meat packers, for example, have been producing a variety of canned, frozen, dried and otherwise processed meat products for the armed forces and lend-lease, but the responsibility of shifting back to commodities for civilian use and of finding market outlets for these products will rest largely upon the packers rather than upon Government agencies.

There is, however, a considerable number of problems of this sort which must be dealt with cooperatively by the Government and private agencies. Government funds have been used in setting up plants for the manufacture of various food products, and decisions will have to be made as to what shall be done with these plants. In many other cases, producers and plant operators will expect assistance in reconversion.

Supporting Prices a Marketing Job

Even more important, from the standpoint of the Government's part in reconversion, are the commitments to support prices of the more important farm products

for two years after the ending of hostilities. To a much greater extent than in pre-war years, this will be a marketing job. The mechanics of price support must be adjusted to the peculiar requirements of each commodity. In many cases, direct market operations may be necessary, including purchasing, storing, transporting and resale. Ways will have to be found for disposing of foods purchased in this way so as not to bring them back into competition with supplies moving through regular commercial channels. In other cases, indirect measures will be appropriate, including loans, marketing agreements, and assistance to private marketing agencies in finding new outlets and eliminating distribution bottlenecks.

Disposition of Wartime Regulations

Further action will have to be taken during 1945 in disposing of the various wartime regulations and controls affecting the marketing of farm products. The timing and character of such action will have no small importance in relation to the problems of price support and the expansion of civilian consumption noted above. Rationing will have to be carefully handled to avoid undesirable limitations on civilian use of foods no longer needed for war, at the same time that a reasonable adjustment of effective civilian demand to available supplies of some continued scarce commodities is preserved. Flexibility of price ceilings will become more important in 1945 after a period of relative stability this year. Even if retail prices of some foods should fall below ceiling levels, the mechanics of imposing ceilings may involve fixed mark-ups or marketing charges which would interfere with a desirable degree of flexibility in the operation of marketing agencies.

Some confusion is inevitable in making these numerous readjustments in 1945. Although some of the problems can be dealt with under existing legislation, others will require new legislative authority or directives which have yet hardly been considered.

Favorable Factors in the Situation

Fortunately, placing the marketing system on a wartime basis did not involve the vast additions to plant capacity and almost complete re-tooling which was necessary in the case of our industrial facilities. Most war foods were similar in character to those used in peacetime, and the marketing system was found to have a great deal of surplus capacity with which it was possible to handle the increased output of food commodities which followed Pearl Harbor. This will make less drastic the corresponding adjustments of equipment and personnel to a peacetime basis.

The Influence of Technological Developments

The war has greatly accelerated technological progress in food processing and packaging. Many of the new methods of food utilization which have been introduced during the war to meet special problems, such as the shortage of shipping space and lack of refrigeration facilities in areas of hostilities, no doubt will be abandoned or greatly reduced in importance after the war. But there are so many new developments in prospect that it is safe to predict a virtual revolution in the marketing of perishable agricultural commodities in the several decades following the peace.

The beginnings of this transition will coincide with the general adjustment from war to peace conditions, further complicating the reconversion problems which have been mentioned. Many agricultural producers and marketing agencies will be faced with a new type of competition, and those who fail to keep up-to-date and make the necessary adjustments will suffer at the same time that others are benefiting.

Dairy Products

Although total milk production in 1945 is not likely to exceed requirements for civilian use and continued war needs, the traditional utilization pattern has been greatly disrupted by wartime demands for special products, and the shift in milk marketing and utilization which will be necessary with military and lend-lease cut-backs may result in at least temporary surpluses of some dairy products.

Two-thirds of the total supplies of dried whole milk are produced by the United States, with production now approaching the rate of 200 million pounds a year compared with the pre-war figure of 20-30 million pounds. The entire increase has been almost entirely for war purposes. Practically the entire world supply of non-fat dry-milk solids is produced in this country, amounting now to about 600 million pounds compared with a 1935-39 average of about 250 million. The possibility of a substantial reduction in noncivilian requirements for dried whole and skim milk points to the possibility of large surpluses. The present reduction in supplies of butter has resulted in part from the diversion of farm-separated cream to whole milk deliveries which have gone into evaporated milk, dried whole milk and cheese. Resistance on the part of producers to discontinuance of the practice of delivering whole milk, established during the war at some expense and inconvenience, will necessitate careful planning in getting back a more normal pattern of milk utilization. One way of dealing with the situation would be to make a larger proportion of our butter from whole milk, which would add to the supplies of non-fat milk solids to be disposed of in dried form as human or animal feed or in other by-products. Several milk byproducts such as milk sugar have been given new impetus as the result of the war and the discovery of penicillin and these developments will have a lasting effect. In any event, the problem of how to reconvert our dairy manufacturing enterprises to a peacetime basis may become an actuality before the end of 1945.

There is reason to believe that dried whole milk will be used by civilians in substantial quantities after the war. Appraisals of future prospects should not be based too greatly upon the reported unsatisfactory quality of some of the dried milk produced in the past, since many improvements in quality have been and will continue to be effected. Dried milk has some advantages to consumers, being easily stored and adapted to changing quantity requirements, and may have the further advantage of being capable of being produced and distributed at lower cost than market milk as now sold in many consuming centers. Properly reconstituted and refrigerated, dried milk seems to compare fairly well in taste with bottled milk, at least to many consumers. This is partly a matter of habit, and it might be possible over a period of time for millions of consumers to become accustomed to the satisfactory use of dried milk. Improved kitchen equipment for easy reconstitution is likely to be developed.

In view of these conditions and the incentives to aggressive merchandising of dried milk in civilian markets by manufacturers who have entered the business to meet war requirements, it seems possible that dried milk may become a more important factor in dairy markets. This will have both favorable and unfavorable effects. It should tend to increase total milk consumption, benefit consumers, and aid producers in areas distant from population centers. But the market milk industry of the East and South, particularly, might be adversely affected. Although such developments, if they come, will require a good many years, the beginning is likely to be seen in 1945. In order to meet the trend, fluid milk producers and distributors should give more earnest consideration to the continuance and even extension of economies of production and distribution which have been effected as a result of the war. Much more could be done along these lines.

Eggs

Egg production in 1944 will total more than 5 billion dozen, compared with an average of 3.3 billion during 1935-39. With civilian consumption increasing by only $\frac{1}{2}$ billion dozen, the bulk of the increase went to meet military and lend-lease requirements, with dried whole eggs absorbing about 17 percent of the 1944 egg production. Stocks of dried eggs, both in this country and abroad, now are very large, and there has been no indication to date that there will be any appreciable requirement of dried eggs for foreign relief purposes as military requirements shrink. Despite the uncertainties still surrounding the situation, it seems entirely probable that in 1945 the egg-disposal problem will become more acute and the production of dried eggs will be curtailed substantially unless no other outlets are available at support prices, and drying is necessary merely as a means of preservation in the hope of finding some future market. This will have repercussions in the egg markets of all kinds, especially in those States where purchases of eggs for drying have represented the principal market outlet during the war years.

More thought should be given to the possibilities of expanding domestic consumption, institutional uses, and export markets for eggs by taking advantage of the economics and relative ease of storing and shipping dried eggs. What would normally be a program of research and experimentation extending over a period of 10 or more years is required now in less than a year. This is only one of the many instances in which marketing research between industry and government, if quickly mobilized and wisely directed, could be of invaluable service in helping to meet the marketing problems of reconversion.

Processed Fruits and Vegetables

Although 1945 requirements are still uncertain, ending of the war in Europe probably will change considerably the status of the fruit and vegetable processing industry.

Production of canned vegetables has increased from an average of about 118 million cases in 1937-41 to about 188 million cases in 1944. Non-civilian claimants will absorb perhaps half of this output. Whereas, during the war, almost any fresh produce could be sold for a good price, a return to more normal conditions will bring into renewed prominence the problems of concentration, grading, and merchandising which were coming to be appreciated before the outbreak of hostilities.

Vegetable dehydration plants, of which there are about 140 scattered throughout the country, will shortly be faced with the problem of how to reconvert for post-war operations. Most people connected with the industry, as well as outsiders, have been very pessimistic about the possibilities of selling any appreciable volume of dehydrated vegetables in the post-war civilian markets. Some recent research on consumer preferences has thrown doubt on the more pessimistic of these predictions, but undoubtedly some dehydrated items will have to be dropped entirely and most, if not all, will have to be reduced drastically in volume. In view of the canned goods situation noted above, any general switch to canning on the part of dehydrators might lead to grave difficulties. Many of the vegetable dehydration plants on the West Coast were used for drying fruits prior to the war. It is probable that most of these plants will reconvert to fruit. Some plants which are favorably located will probably be converted to canning or freezing operations.

It should not be assumed, however, that an unlimited immediate post-war market for frozen foods exists. No doubt there will be tremendous expansion of the industry during the post-war years, but it will take time to build up the required storage, transportation, and distributing equipment and services. This can be facilitated

by much needed experimentation and educational activities with the food trades, but the difficulties involved in getting equipment production under way will delay the "tooling up" of distribution channels. It is also important that all post-war production of household refrigerators provide reasonably adequate equipment for home storage of frozen foods. Action on all these points is not likely to be sufficiently rapid to permit an expansion in the volume of frozen foods in 1945 which might be indicated as desirable by the production and processing situation, taken by itself, without developing serious distribution bottlenecks. This is one phase of the marketing situation which calls for the coordinated efforts of a number of different groups which are concerned.

Other Foods

The changing of war requirements will raise many problems for producers and marketing agencies concerned with a number of other foods, but these relate more to supply, demand and price than to strictly marketing questions.

It is possible that a beginning will be made in the introduction of frozen meats on a commercial basis in the latter part of 1945, although this now seems unlikely. Eventually, however, this development promises to have tremendous effects upon the industry.

Fats and oils, which were so greatly affected by wartime changes in sources of supply, eventually will face serious post-war problems, including another reshuffling of processing equipment, but this problem is not likely to become acute until 1946.

With a period of anticipated surpluses approaching, a revival of interest in the possibilities of increasing industrial utilization of farm products is noticeable. Particular attention is given to alcohol for fuel and rubber, and the use of farm wastes and residues in making wallboard and other products. At the same time, fears are expressed over the probable extent of post-war competition of non-agricultural synthetic materials. Although much more information is needed on these problems, it seems probable that both the good and bad effects of such developments during the immediate post-war years can be easily exaggerated. In numerous instances, commercial utilization of the newer technological developments in the industrial utilization of agricultural commodities will depend on public subsidies. In 1945, the question of what policy should be followed in this regard is likely to arise in connection with plans for the disposition of war plants.

There is a possibility that wool marketing methods may be significantly affected by decisions to be made with respect to transportation rates and related questions of wool handling. But for most commodities, other than those discussed in some detail above, the marketing situation probably will not change greatly in 1945.

MARKET OUTLOOK FOR COTTON AND WOOL

Prospects are that limitations on textile manufacturing capacity, largely as a result of shortages of labor, will continue to limit market outlets for cotton and wool until after the end of the war in Europe. Domestic outlets may even be reduced somewhat from the current high levels, as a result of the tight labor situation, if the war in Europe should not end soon. In addition, American cotton and wool probably will continue to encounter increased competition from foreign and synthetic fibers and it may be extremely difficult to find adequate market outlets during the next year or two, at least, for making substantial reductions

in the large stocks accumulated. This competition may be attributed mainly to the greatly increased supplies of cotton and wool produced in other countries, to expansions in production of synthetic fibers, and to substantial advances in prices of American cotton and wool in relation to those of competing fibers.

Competition of Foreign Grown Cotton and Wool Greatly Increased 1/

Increased available supplies of foreign-grown cotton and wool impose important limitations on market outlets for the American products. Total supplies of foreign-grown cottons increased from an average of 16.6 million bales, or 42.6 percent of the world total for all growths, in the 7 years 1927-33 to 23.8 million bales, or 51.7 percent of the world total, in the 5 years 1934-38, and they amounted to more than 27 million bales, or about 55 percent of the world total, in 1943. Stocks of foreign-grown cottons carried over on August 1 increased from an average of 5.4 million bales, or less than 40 percent of the total for all growths, in 1927-33 to more than 14 million bales, or to more than 55 percent of the total in 1944, and further increases in 1945 are anticipated. Imports of wool increased from an average of 109 million pounds, or about one-fourth of domestic production during the 6 years 1935-40, to about 700 million pounds, or about $1\frac{1}{2}$ times domestic production, in 1943.

The marked increases in available supplies of foreign-grown fibers, along with advances in prices of American cotton and wool in relation to prices of competing fibers, has affected and probably will continue to affect materially market outlets for the American products. Prior to World War II, annual consumption of American cotton outside the United States decreased from an average of about 7.9 million bales during the period 1927-33 to an average of 5.5 million bales during the 5 years 1934-38, whereas, for the same periods, consumption of foreign growths increased from 10.9 million to 16.2 million bales. Similar data for Europe, excluding Russia, show that consumption of American cotton decreased from an average of 5.5 million bales, or 65 percent of the total for all growths, in 1927-33 to 3.6 million bales, or 44 percent of the total in 1934-38. Results of analyses show that such shifts from American to cotton of other countries were largely accounted for by changes in relative supplies and prices of American in relation to those of other growths.

Since the beginning of the war, prices of American cotton have advanced further in relation to prices of cotton of other growths and, early in the 1944-45 season, they were about 50 percent above those for comparable qualities of foreign-grown cotton. The influence of such changes in relative prices on foreign outlets for American cotton was demonstrated in 1939-41. The price ratio of Brazilian cotton in Brazil to American cotton in the United States, for example, decreased from an average of about 97 percent during the 7 months August-February 1939-40 to about 70 percent for the corresponding period in 1940-41 and total exports of American cotton to Canada, Spain, Japan, and China during the 7 months August-February decreased from 1,508,000 bales in 1939-40 to 173,000 in 1940-41; whereas, for the same periods, total exports of Brazilian cotton to those countries increased from 124,000 bales in 1939-40 to 508,000 in 1940-41.

Prospects are that cotton prices in the United States will be maintained at relatively high levels for at least 2 years after the termination of the war. The Stabilization Act of 1942, as amended, provides for Government cotton loans to growers at 92.5 percent of parity for at least 2 years after the termination of the war. On September 24, the War Food Administration announced that it will offer to

1/ See October Cotton Situation for detailed discussion of the supply, demand, and price situation.

purchase through the Commodity Credit Corporation, from farmer-producers, at parity prices, all cotton of the 1944 crop for which a loan schedule has been announced and which may be placed in acceptable storage and tendered to it.

The influences of these price maintenance measures on foreign outlets for American cotton may be offset, at least in part, by the disposition of American cotton, for export only, by the Commodity Credit Corporation at competitive world prices, in accordance with provisions of the Surplus Disposal Bill. Earlier experiences with export subsidy programs indicate that normally, in the absence of countervailing measures in other nations, foreign outlets for American cotton could be increased considerably by these means.

The amounts of American cotton that may be disposed of in foreign markets under these conditions would appear to depend largely upon: (1) The needs for cotton goods in foreign countries, which probably will be great in liberated nations; (2) the condition of cotton manufacturing equipment in foreign countries, which may not be very good in war-torn nations; (3) availability of ocean shipping, which is likely to be tight until the surrender of Japan; (4) available exchange, relief credits, and lend-lease funds for acquiring cotton; (5) supplies of foreign growths available, which are unusually large; (6) supplies of synthetic fibers suitable as substitutes for cotton, and these have increased greatly in recent years; and (7) prices at which American cotton will be available.

Prices of domestic wool have advanced much more in recent years than prices of imported wools, with the result that consumption of foreign wool in the United States has increased greatly and large stocks of American wool have accumulated. The spread between prices of domestic wools 64's, 70's, 80's, and Sidney 64-70's at Boston increased from an average of 22.8 cents per pound for the period 1935-38 to 41.3 cents in 1943, and the proportion of total wool consumption in the United States accounted for by foreign wool increased from an average of about 14 percent in 1935-38 to about 58 percent in 1943. With foreign wools available in domestic markets at prices substantially below Commodity Credit purchase and sale prices, the use of domestic wool is limited largely to that required in meeting Government contracts. At prices prevailing in September 1944, a substantial loss would have to be absorbed by the Government to assure the substitution of domestic for imported wool for civilian uses. Apparently market outlets for domestic wool are largely dependent upon adjustments between prices of domestic and imported wools.

Competition of Synthetic Fibers Greatly Increased

Market outlets for American cotton and wool probably will be influenced considerably in post-war years by increased competition of synthetic fibers. World production of rayon increased from about 457 million pounds, or the equivalent of about 1.1 million bales of cotton, in 1930 to about 3,473 million pounds, or the equivalent of about 8.2 million bales of cotton, in 1942. In the United States, the production of about 656 million pounds of rayon, or the equivalent of about 1.5 million bales of cotton, in 1943 was more than 5 times as great as that of 1930. Rayon staple fibers constituted nearly 60 percent of the 1942 world output of rayon compared with only a little over 3 percent in 1932. The significance of this change in production may be appreciated when it is realized that staple fibers consist of rayon filaments cut to lengths suitable for manufacture on cotton, wool, or silk spinning systems.

The increases in production of rayon have been associated with marked reductions in prices of rayon in relation to prices of cotton and wool, on the one hand, and with substantial increases in consumption of rayon in relation to the consumption

of cotton and wool, on the other. An examination of the data presented in figure (p. 10) shows that prices per pound of rayon yarn declined from more than 10 times the price of cotton and from considerably more than the price of wool in the early 1930's to less than 3 times the price of cotton and to less than $\frac{1}{2}$ the price of wool in 1943. Consumption of rayon increased from less than 5 percent of that for cotton and less than $\frac{1}{2}$ that of wool in the late 1920's and early 1930's to more than 12 percent of that for cotton and more than that for wool in the late 1930's and early 1940's. Factors other than changes in relative prices may be of equal or greater importance in accounting for the changes in relative amounts consumed but are not as susceptible to modification as price relationships.

It is reported that public acceptance of rayon has grown so rapidly that market outlets have frequently outrun production. This has led to continued increases in productive facilities and, although the rate of expansion has shown some tendency to slow down, according to trade reports, the installed capacity of filament yarns was estimated at 500 million pounds at the end of 1943 compared with 400 million pounds at the end of 1940 and 325 million pounds at the end of 1937. The same trade sources indicate that the average age of installed cotton spindles probably exceeds 20 years and that less than 20 percent of the spindles in place represent modernized equipment installed during the past 10 years.

Technological developments and the resultant improvements of light weight synthetic yarns are said to favor further expansion in the consumption of rayon and the newer synthetics in relation to the consumption of cotton and wool. Rayon staple fiber, which currently sells for only about 2 cents per pound more than the price of Middling 1-inch cotton, is easily combined with cotton, wool, mohair, or silk for making many types of fabrics widely adaptable for apparel wear, draperies, and upholstery materials and they also are being used in floor coverings. High-tenacity rayon has been used successfully in the manufacture of tires, and spun rayon fabrics have been found suited for the making of light summer clothing similar in appearance to worsted but cheaper.

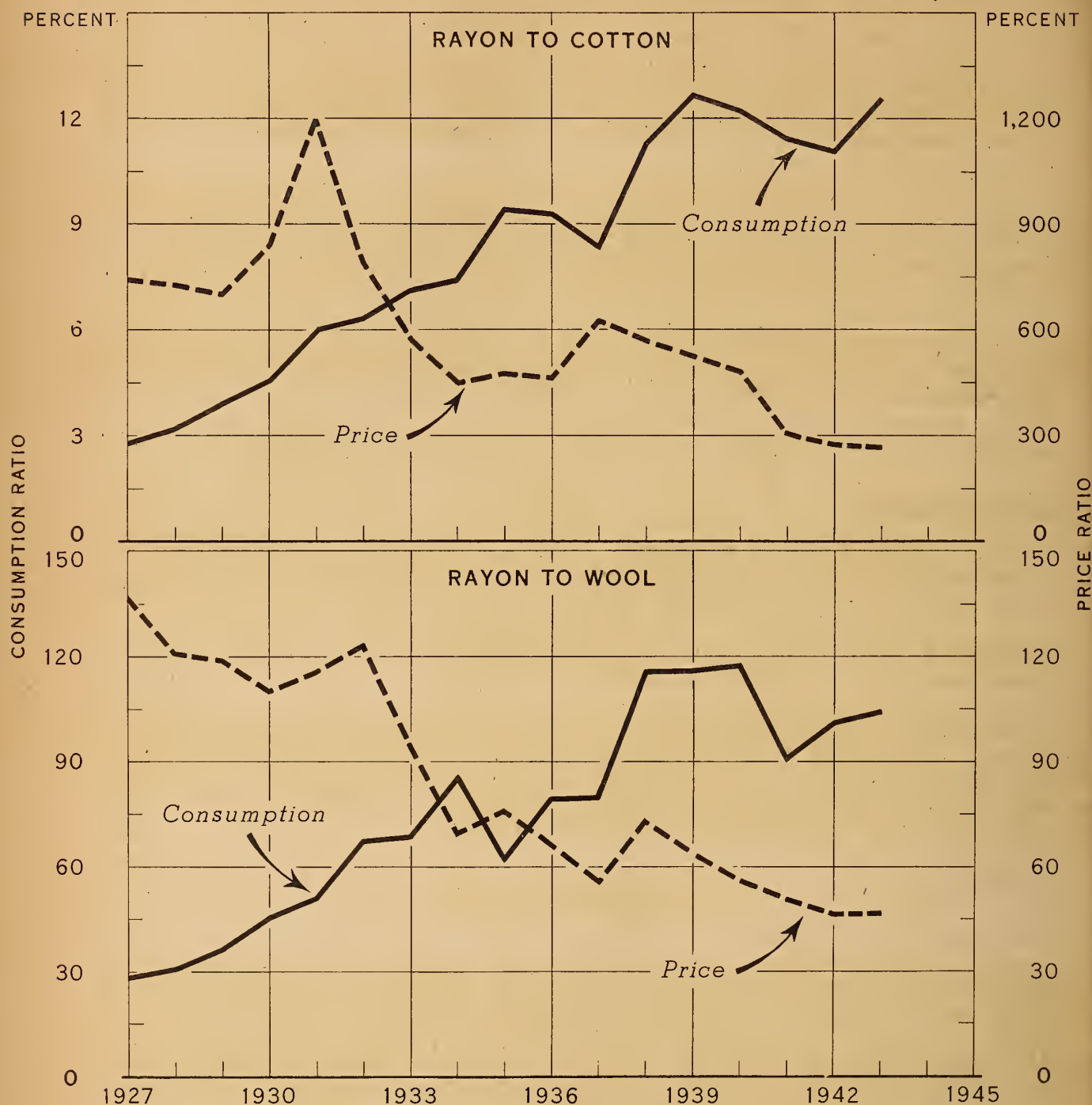
Other competing products that may influence to some extent the market outlets for cotton and wool include other natural and synthetic fibers, paper, leather, and rubber. But the amounts of replacements by these competing products are relatively so small that they are not likely to affect materially the market outlets for American cotton and wool during the next few years.

THE TRANSPORTATION OUTLOOK

The general transportation situation in the last quarter of 1944 and in 1945 probably will be tight and may even be critical. Although most types of rail equipment are expected to be sufficient, shortages in higher types of boxcars and in refrigerator cars are expected. Motortrucks are continually decreasing in number because normal replacements are not being made, and some operations may be interfered with owing to a shortage of heavy-duty tires. However, the outlook for boats and barges is improved.

An ending of the war in Europe may ease the transportation burden of the railroads somewhat in 1945 except for the transcontinental lines, and upon those lines it will be an operating burden rather than a problem of car supply except as the heavy operating load will increase the difficulties of moving empty refrigerator cars west-bound and empty box, tank, flat, and gondola cars east-bound. Actual numbers of all types of rail equipment, with the exception of high-grade boxcars and refrigerator cars, would appear adequate during 1945, although there will be

PRICE AND CONSUMPTION RATIOS OF RAYON TO COTTON AND WOOL, UNITED STATES, 1927-43



PRICES OF MIDLING 15/16-INCH COTTON IN CENTRAL MARKETS; PRICES OF FINE COMBING TERRITORY GRADE WOOL, SCOURED BASIS, AT BOSTON; AND PRICES OF RAYON, 150 DENIER, FIRST QUALITY, MINIMUM FILAMENT, BRIGHT LUSTER, VISCOSE-PROCESS SKEINS AT NEW YORK.
TAKEN FROM RAYON ORGANON.

Consumption ratios of rayon to cotton and wool usually vary inversely with price ratios of rayon to cotton and wool. Factors other than changes in relative prices may be of equal or greater importance in accounting for the changes in relative amounts consumed but are not as susceptible to modification as price relationships.

problems of distribution. Over-age cars and unloading handicaps, owing to manpower shortages, will continue. However, as to the prospect for refrigerator-car traffic, the country's food production machinery is geared to high levels, and it is not to be expected that production will decline materially in the near future, if the European phase of the war is over in 1944.

For the last quarter of 1944, however, it is estimated that the railroads will be called upon to handle from 20,000 to 25,000 more carloadings per week than during the similar period in 1943. The increase in boxcar loadings would probably be higher relative to all cars and may reach 5 percent, or approximately 8,000 to 10,000 more carloads per month. Increases in available equipment partially offset this increased traffic burden.

The proportion of all products transported by motor-truck has been decreasing since 1942. This is the result of a decrease in the number of trucks in operation and of a shortage of tires for heavy-duty service. This trend probably will continue into 1945.

A cessation of hostilities in Europe would not materially ease the oceanic shipping problem, and in fact even more ships might be needed for a time. The War Shipping Administration states that "it will take two or three times the merchant tonnage to bring a weight of arms equal to those now blasting the Germans, to bear on the Japanese scattered on hundreds of islands and the mainland of Asia."

Rail Transportation

The supply of boxcars, particularly the higher grade types, has been short for some time. At present, during the peak demand, there are 718,365 serviceable boxcars, or 5,299 less than the 723,664 available for October 1943.

The chief food commodities moved in boxcars are grains and grain products. The War Food Administration states that the heavy demands of feed and food for current consumption continue, and the pressure of the heavy grain harvest in the Northwest is still strong. Delays in threshing and combining, because of rains in the spring wheat area, have held back the flow of grain to elevators, but, with improved harvesting weather, it is expected heavy movement will continue for some time. The improved position of country elevators in storage space available this year has, however, permitted the absorption of a great deal more grain in elevator storage outside terminals than in 1943. This is reflected in the much smaller number of blocked elevators in recent weeks than was the case at the same time last year.

The month of October represents a peak demand for boxcars which should moderate with the approach of winter. The unusually heavy harvest of grain sorghums in the Southwest has created a heavy demand for cars in that area and the requirements for the movement of cars for war materials is running high.

For the month of October, normally the period of peak demand, the supply of refrigerator cars is inadequate. Approximately 136,000 cars will be available compared with 138,000 in October 1943. The total demand for refrigerator cars for all commodities that normally move in that type of equipment is now greater than the supply. As a consequence, the Interstate Commerce Commission orders have limited the use of refrigerator cars for certain semiperishable freight.

The War Food Administrator is strongly recommending that a further supply of new refrigerator cars in addition to the 1,800 already scheduled must be constructed in 1945 to replace the equipment which has depreciated badly in the last 2 years, and to take care of the increased volume, much of which will continue throughout the war in the Pacific and for several months thereafter.

Loadings of refrigerator cars per month have increased constantly throughout 1944 compared with 1943. Total loadings January 1, 1944, to September 23, 1944, were 1,211,042 compared with 1,099,745 for the same period a year earlier. Loadings are expected to continue to increase for the next 30 to 60 days. However, after that time it is to be doubted if the volume will increase substantially beyond that of early 1944.

It is estimated by the War Food Administrator that refrigerator-car demands in 1945 will be increased over 1944 by at least 2,500 cars per month because of diversions from truck to rail. There has been a decided shift since 1941 of meat, poultry, fresh fruits and vegetables, and other tonnage to the rails, particularly for long hauls. It is to be doubted if a reverse switch of large proportions will occur in 1945, since the truck situation is not expected to improve.

One of the major problems at present in both boxcar and refrigerator-car supply is to return the empty equipment to the major points of origin for that type of traffic. Empty boxcars must be moved from the West coast to the Middle West at present for grain shipments and other loadings. Refrigerator cars must be returned to California and the Pacific Northwest where they are needed for the movement of perishables, particularly the fruit and vegetable traffic. This illustrates the problem of distributing available equipment, with which the industry is constantly faced.

The power situation is more favorable. There are now approximately 35,930 serviceable locomotives compared with 33,220 in October 1943. The locomotive program has naturally been shaped to meet the most urgent requirements for both switching and line haul service. Qualitatively, the locomotive situation should be even better than the increase in numbers would seem to indicate.

One definite factor, however, should be considered. While the peak rail traffic does decline after October, the efficiency of steam locomotives declines directly as temperatures decrease. Consequently, a supply of locomotives sufficient for an October peak would not necessarily constitute a marked surplus later in the winter.

The number of tank cars available in October 1944 will be about 142,000 compared with 141,810 cars available in October 1943. Nevertheless, in spite of this addition of new cars, the percentage of unserviceable cars has been increasing, with the result that the number available will be little above that of 1944. In a word, the tank-car supply will, of course, depend upon the supply of ocean tankers during 1945.

In the past 3 years, a considerable tonnage has been diverted from coastwise shipping and intercoastal movements to the inland carriers, chiefly to the railroads. This shift to the railroads took place early in the war. The Panama Canal has been closed to cargo-carrying vessels since February 1942, and a major part of the traffic along the Atlantic, Gulf, and Pacific coasts has moved inland since 1942. The total volume of coastwise shipping is now so low that diversion of even a considerable part to the rails would not add unduly to rail ton-miles.

Truck Transportation

Large numbers of trucks are continually wearing out and cannot be replaced immediately. This fact is indicated by the decreasing number of truck registrations since 1941. The figures show a decline from 4,876,054 in 1941 to 4,480,176 in 1943. The registration in 1944 is about 4,350,000. The War Food Administration estimates that this figure may not exceed 4,250,000 in 1945. Of those trucks now on the road, many are in such poor repair that long or regular trips are impracticable.

Average load carried, however, has shown a steady increase during the same period. Figures compiled by the Public Roads Administration show for all trucks, rural roads, average tons per load carried in 1940, 2.92; 1941, 3.19; 1942, 3.62; 1943, 3.83. This average load cannot be stepped up indefinitely, as trucks are rapidly going out of condition. Also, according to studies conducted by the Bureau of Agricultural Economics, the proportionate total volume of freight hauled by trucks has been decreasing since 1942.

The heavy-duty tire situation is the most serious in trucking. This is indicated in reports from many persons who are studying the current transportation problem in the Corn Belt States and in some of the States in the range area and by official agencies in Washington. Tires made from synthetic rubber are less satisfactory for heavy-duty service than for use on lighter trucks. The smaller size tires apparently are available to a greater extent than are heavy-duty tires.

The shortage of truck drivers and mechanics is also reported as unfavorable, and this will affect the efficient operation of motortrucks in some areas. The inability to obtain repair parts does not generally seem to be a problem but there may be delays in making replacements because of the shortage of mechanical service. There are, however, shortages of heavy castings and forgings for certain types of replacements.

As has been pointed out, there has been a distinct diversion from transportation by truck to rail of perishables and other products. For example, a study of the situation made by the War Food Administration showed a decline in rail carload equivalents of fruits and vegetables moved by truck of 28,347 cars from 1941 to 1942 and 30,871 cars in 1943 under 1942, or about 2,500 cars a month. Nothing existent in present conditions warrants the conclusion that this trend is changing or will change within the next year.

Water Transportation

Substantial construction in cargo vessels is still in progress. From January 1, 1942, to October 1, 1944, 39,573,941 dead-weight tons, or a total of 3,875 ships including 2,359 Liberty ships, were built for the American Merchant Marine.

Ratios of construction over sinkings have steadily increased. In the first half of 1942, approximately one-third more dry cargo tonnage for the merchant fleet was built than sunk. By the second half of 1943 the ratio had increased to 10 to 1. The ratio on tankers, while not so great, showed a continuous increase over sinkings. The merchant fleet is now rapidly approaching 4,000 vessels.

Our shipping has been supplemented by additions from Italian and other liberated fleets. Also, it is now possible to ship to the East by way of the Mediterranean and the Suez Canal, rather than by the long route around South Africa. This development will in effect free substantial tonnage for use elsewhere. Turn-around time has been stepped up and various space-saving practices have been adopted. Nevertheless, in spite of these favorable factors, there has been no great margin of ships at any time nor is there such prospect in the near future. The task of rehabilitating Europe, returning any demobilized elements of our Army, and bringing Japan to her knees remain as a heavy burden upon our fleets, even if the war in Europe should end soon.

More boats are now available for grain and ore shipments on the Great Lakes than in 1942 and 1943. Also, considerable new barge capacity was constructed between 1943 and 1944.

Livestock Transportation

Present indications are that the railroads will be able to handle the livestock that will be shipped by rail this fall. Serious difficulty with motortruck transportation of livestock during the fall and winter of 1944-45 apparently can be averted if the conservation measures employed by the industry in the past 2 years are continued, and if a moderate allotment is made of tires or trucks.

The volume of livestock transported by rail during the first 3 weeks of October was one percent smaller than for the same period a year earlier. The marketing of cattle the rest of October and in November is expected to be large. It is still uncertain how many of the record number of cattle on ranges will be marketed. The feed situation in the Corn Belt States is generally favorable, and feedlots may be fairly well filled this fall if prices are attractive to the feeders, and if range producers will market freely at these prices. If this happens, and if shipments of cows continue heavy, the movement from the range should be unusually large because it is expected that animals that are in condition for slaughter also will be purchased by packers in proportions greater than normal.

The marketings by rail of both hogs and sheep and lambs will probably be one-fifth smaller than in October last year. This will have some effect on the transportation load during October, but the rail movement of cattle that month is by far the most important. It is estimated that the carloadings of cattle will comprise about 71 percent of the total cars of livestock loaded that month. Sheep and lambs will make up about 17 percent and hogs 12 percent. This takes into account the outshipments of livestock from the public markets as well as receipts at the markets. Cars of livestock that are reshipped are usually also included in the rail loading statistics. This results in double count for livestock that is both received and shipped out of the same market by rail.

Total carloadings of livestock in September were slightly below the loadings for September 1943. Although cattle shipments were considerably larger from many areas, this was counterbalanced by reductions in shipments of hogs and sheep and lambs. If marketings of cattle from the range this fall continue at about the present rate compared with last year, the total transportation load during that period will not be any greater than for the corresponding period last year and may even be smaller.

The number of livestock cars available for traffic this fall is only slightly above the number used last fall. Indications are that the stock cars are generally in fairly good condition since railroads were preparing for heavy movement this fall. The various railroads have reciprocal agreements whereby unused cars in some sections of the country may be made available to other railroads operating elsewhere in case of shortages. This acts as an added reserve for stock cars on the part of railroads operating in the range area.

Motortruck Transportation

The movement of livestock by motortruck is expected to be heaviest in the Corn Belt States in December and January, when hogs will be marketed in largest numbers, and in the range States, when the heavy cattle and lamb movement is under way. Reports from many who are in close touch with developments in those regions are to the effect that no serious difficulty in motortruck transportation is anticipated, although the situation may at times be tight in certain areas. The reduction in the number of trucks in operation should not seriously interfere with the movement of hogs because the reduced marketings this fall and winter will require less transportation. If the transportation situation should be tight in spots it probably will be of temporary nature.

There will be heavy demand on livestock trucks for moving feeder cattle and lambs to railroad shipping points in the range area during October and the first half of November. It is not unlikely that truck transportation facilities may be inadequate at some points at the specific time they are wanted. In cases where trucks are limited inadequate facilities may delay shipments temporarily, but it is not expected that this situation will be serious or that the delay will be very great. There is not as much opportunity to shift motortrucks from areas where there is a shortage as there is with railroad stock cars. However, it may be done to a limited extent at the direction of the Office of Defense Transportation if the situation in any area becomes critical.

The tire situation probably will not affect the transportation of livestock by truck as much as it will the hauling of products that generally move in relatively large proportions in heavy trucks. The study of livestock trucking made by the Corn Belt Livestock Marketing Research Committee shows that about 90 percent of the trucks that hauled livestock to markets in the Corn Belt in 1942 and 1943 were of 1-1/2-ton size and smaller. Five percent of the trucks were of 2-ton capacity, and 5 percent had a capacity of more than 2 tons.

The study in the Corn Belt States also shows that commercial livestock trucks now make more trips per week, on the average, than they did during the early part of the war. The study also shows that the advance listing of livestock with truckers or with trucking associations has increased during recent years, and this permits better routing in picking up loads and in loading more nearly to capacity, which consequently results in more economical transportation. There appears to be some opportunity for further improvement along these lines.

OUTLOOK FOR CHARGES AND COSTS OF MARKETING FARM PRODUCTS

Little Change Anticipated in Marketing Charges from 1944 to 1945

The present outlook for conditions in the marketing of farm products does not point to any significant change in the level of marketing charges. Actual developments will depend upon a variety of factors, many of which are conjectural at this time. These factors include the timings of victory in the European and Asiatic areas and the subsequent policies regarding modification of wartime controls, particularly those affecting prices, margins, wage rates, Government subsidy payments to marketing agencies and to producers, and the simplification of marketing services such as the restriction on fluid milk deliveries. It is assumed here that most Government regulations of these types will continue in force with only minor changes through 1945.

Records show that 1943 was a good year for most firms engaged in marketing farm products, both in terms of the small number of firms listed as business failures and in terms of the relatively high level of net profits after taxes. Reports for the first half of 1944, as yet preliminary and incomplete, indicate that this year should be about as favorable in these respects as 1943. The manpower situation has been stabilized to a considerable degree and food marketing agencies do not experience as much difficulty in holding their personnel as do agencies engaged strictly in production of war materials as the approach of victory in Europe encourages shifts to peacetime occupations.

New problems in connection with charges for marketing farm products will arise when the price-support program for farm products is put into effect, following the end of the war, as required by the "Steagall Amendment" to the Commodity

Credit Corporation Act. These should not become acute before late 1945, but would be intensified by any trend toward higher levels of marketing charges.

1944 Food Marketing Charges 14 Percent Above Pre-War

For the first 9 months of 1944 charges averaged \$230 for marketing a market basket of farm food products containing 1935-39 average annual quantities purchased per family of three average consumers. These marketing charges in 1944 include about \$12 of Government payments to processors and other marketing agencies. Marketing charges in the first 9 months of 1944 averaged nearly 2 percent above the 1943 average and were 14 percent higher than the pre-war 1935-39 average level of \$201. Food marketing charges averaged nearly \$200 during the 1930's, reaching a low of \$184 in 1933, rising to \$206 in 1936 and 1937, and falling to another low of \$189 in 1940. Since 1940, marketing charges have increased steadily. The recent peak level of \$247 was registered in June of 1943 before the OPA price rollback became fully effective. During the last five months of 1943, marketing charges for the market basket ranged from \$222 to \$227 and declined to a low of \$219 in March of 1944. Since March, marketing charges increased steadily to \$241 in July, declining to \$230 in September.

Government payments to marketing agencies have made up about 4 to 5 percent of total food marketing charges during the last half of 1943 and the first 3 quarters of 1944. These payments permit a narrower spread between prices paid by consumers and prices received by farmers than would otherwise be possible, and contribute to a higher farmer's share of the consumer's food dollar. If the portion of marketing charges now covered by the Government payments were shifted to farmers in terms of lower prices paid producers, the result would be a reduction of 4 to 5 percent in prices paid farmers for food products and a drop of about 2 cents in the farmer's share of the consumer's food dollar.

Consumer's retail cost of the market basket during late 1943 and during 1944 did not rise to the levels reached during the second quarter of 1943 preceding the price rollback. The 1943 high point was \$484 in May while the highest recorded for 1944 was \$464 in July. For the first 9 months of 1944, retail cost of the market basket averaged \$454, 33 percent above the 1935-39 level. There appears to be small prospect that price control will be relaxed during 1945 to the point where retail cost would return to the levels of May 1943--at least not so long as the Little Steel formula is retained to restrain increases in wage rates.

Payments to farmers for food products included in the market basket averaged \$238 for the first 9 months of 1944, 74 percent above the 1935-39 pre-war average of \$137. These payments have been fairly stable since May 1943, amounting to \$238 in that month and \$236 in September 1944. Certain groups of producers have received direct Government payments to cover increased production costs and stimulate production, and these averaged \$7 for the market basket during the first 9 months of 1944.

If a European victory early in 1945 should be followed by a substantially lower volume of relief shipments of food to Europe than has been anticipated, some support of prices paid to farmers for certain food commodities might be required. Price supports at 90 percent of parity, however, would represent substantial declines below current price levels for most farm products except food grains, and these declines could average more than 10 percent for all farm food products. The low point in farm value of the market basket since 1935 was \$122 in 1939. Present levels of farm value are almost double this amount. A decline of 10 percent in payments to farmers below the estimated 1944 level would leave these payments about 55 percent higher than the pre-war average.

Good Profits and Few Failures Among Agencies Marketing Farm Products

During the first half of 1944, the number of business failures (involving probable financial loss to creditors) among food marketing agencies continued the decline of the last 2 years to unprecedented lows. Data reported in Dun's Statistical Review (published by Dun and Bradstreet) showed, for the first 6 months of 1944, 18 firms failing among manufacturers of food and kindred products compared to 51 failures for the first 6 months of 1943, and for corresponding periods, 189 failures in 1942, and 196 in 1941. Among wholesalers of foods and farm products, the number of failures for the first 6 months of the year was 23 in 1944, 60 in 1943, 174 in 1942, and 239 in 1941. Failures among retailers of food and liquor totaled 67 in 1944, 360 in 1943, 1,121 in 1942, and 1,346 in 1941. Comparison of the abnormally low number of failures in 1944 and 1943 is made with the two years 1941 and 1942 during which profits of marketing agencies appeared quite favorable in relation to the levels reported by years since 1935.

The financial status of 7 important groups of food and tobacco corporations has been appraised on the basis of their financial statements by calculating operating profits less provision for Federal taxes as a percentage of investment for the years 1935 through 1943. These profit ratios show a general moderate decline from 1942 to 1943 for all groups except grain millers and baking companies, which reported increases in profits. The largest declines from 1942 to 1943 are shown for retail food chains, fruit and vegetable canners, and tobacco companies. For the group of four tobacco companies, the 1943 profit ratio was the lowest of the 9 years of record, although averaging 10.9 percent of investment and exceeded only by 11.0 percent for the baking companies. The lowest 1943 profit ratio was 6.1 percent for fruit and vegetable canners.

Labor Costs in Marketing Increase

Labor costs make up the most important single category of operating expense for agencies marketing farm products. If general wage rates should rise in 1945, they would tend to raise costs of marketing farm products. However, wage rates of marketing employees generally lag behind wage rates of industrial workers. A development which would tend to offset higher costs brought about by higher wage rates is the general upward trend in labor productivity in marketing.

The chart appearing on the cover page of this issue compares trends from 1929 through 1943 in charges for marketing farm food products, the level of retail prices of these products, hourly earnings of food marketing employees, and labor cost per unit of farm food products marketed. Analyses of wage costs in relation to marketing charges have been deficient in the past because of failure to weigh higher labor productivity against higher hourly earnings to arrive at net changes in unit labor cost. Physical productivity of labor is measured by the quantity of marketing services performed per man-hour of labor engaged in marketing--or more simply by the volume of farm products moved through the marketing system per man-hour engaged. In the cover chart, deviations in the trend of unit labor cost from the trend of hourly earnings are due to changes in labor productivity. Greater productivity in recent years reflects a larger volume of products handled per employee. Since help used to replace employees drafted or going into other war work has been inexperienced and reputedly inefficient, the apparent increase in efficiency may have been made possible by a decrease in the quality of service to consumers.

From 1939 to 1943, higher labor productivity offset about a third of increase in hourly earnings of food marketing employees. Nevertheless, unit labor cost rose from 96 percent of the 1935-39 pre-war level, in 1939, to 116 percent in 1943, while

charges for marketing food products rose from an index level of 96 to 112. Hourly earnings of food marketing employees continued to rise from 1943 into the first half of 1944 and it is probable that unit labor cost will show some increase into 1944 with little prospect for any decline into 1945. With labor costs aggregating nearly 40 percent of total marketing costs, this prospect does not suggest the probability of any decline in marketing costs into 1945. From July 1943 to July 1944 hourly earnings of food marketing employees increased (in terms of indexes, 1935-39 = 100) from 130 to 138, a rise of 6 percent, while hourly earnings of workers in cotton processing increased from 152 to 165, a rise of nearly 9 percent.

Cotton Spinning and Weaving Margins Steady Since 1942

Margins taken by mills engaged in spinning and weaving cotton gray goods have shown only minor variations following the peak levels reached in late 1942. Ceiling prices of cotton gray goods were stabilized in July 1942, averaging 40.62 cents per pound of lint cotton for a list of 17 representative constructions. These ceiling prices were maintained without change until August of 1944, when certain of them were relaxed to permit payment of full parity price to farmers for lint cotton. The highest level of mill margins was 22.17 cents per pound of lint cotton in August 1942. During 1943 and the first 7 months of 1944, mill margins ranged from 19.15 cents to 21.12 cents. In September 1944, farmers were receiving a price of 21.02 cents per pound of lint cotton, slightly below the parity level of 21.08 cents, although mill margins were about one-half cent greater than a year earlier. The rate of spindle activity in cotton mills has shown a pronounced downward trend since 1942. Hourly earnings of workers in cotton processing have increased much more rapidly over the first 7 months of 1944 than during the last 6 months of 1943. This is due largely to the lengthened work week in this industry requiring more overtime payments and may result in slightly higher levels of labor costs and mill margins for late 1944 and 1945. These higher margins may be achieved at September 1944 levels of gray fabric ceilings while permitting payments of full parity to farm producers for lint cotton.

Fruit and Vegetable Marketing Charges Show Greatest Increase Over Pre-War

Analysis of the increase in marketing charges over the 1935-39 pre-war level by major commodity groups shows that the greatest increase in these charges developed in the group of fruits and vegetables. For all fresh and processed fruits and vegetables, total marketing charges, including Government marketing payments, on quantities contained in the family market basket, amounted to about \$54 averaged over 1935-39, compared to \$72 averaged over the first 7 months of 1944. This increase accounted for \$19 out of the total increase of \$28 over the same period for the entire market of farm food products. Most of this increase was in fresh vegetables with smaller increases for fresh fruits, dried fruits and vegetables, and canned fruits and vegetables. Over the same period, total marketing charges for the meat products group declined about \$6 or 15 percent, and marketing charges for dairy products increased \$6 or 18 percent. For the poultry and eggs group, the increase was about \$3 or 34 percent, while marketing charges for bakery and other cereal products rose about \$3 or 7 percent. Marketing charges for the miscellaneous products group including cane and beet sugar, peanut butter, and vegetable oil products rose nearly \$3 or 15 percent. Looking forward into 1945, it is possible that a small increase

in marketing charges will develop. This increase probably will be rather uniformly distributed among commodity groups, but possibly will be greatest for the group of meat products where marketing charges appear to be abnormally low in relation to prices.

FARM-RETAIL PRICE SPREADS, SEPTEMBER 1944

Food Marketing Charges Continue Decline Into September

Charges for marketing a family market basket of farm food products declined nearly 2 percent from August to September 1944. The market basket consists of 1935-39 annual average quantities of farm food products purchased per family of three average consumers. The estimate of marketing charges for September 1944 at \$230 includes \$12 representing Government payments to marketing agencies, and \$218 representing the spread between the retail cost of the market basket to consumers and payments to farmers for equivalent produce. September marketing charges were almost 3 percent above the \$224 recorded for September 1943 and were 14 percent higher than the 1935-39 pre-war average of \$201.

Fresh Fruits and Vegetables Account for Bulk of Marketing Charge Decline

Most of the August-September decline in marketing charges for the market basket occurred in the group of fresh fruits and vegetables, where it was divided quite evenly between fruits and vegetables. Marketing charges for the group of fresh vegetables declined 5 percent, from \$35 in August to \$33 in September. This was due chiefly to sharp declines in marketing charges for sweetpotatoes, white potatoes, onions, and spinach, while marketing charges for most other fresh vegetables increased, the increases ranging as high as 32 percent for snap beans. The decline in marketing charges for fresh fruits was due to a 17 percent decline in the marketing margin for apples. Narrower marketing margins resulted from a decline of about \$6 in retail cost of the fresh fruit and vegetable group, while farm value of equivalent produce dropped less than \$2. Marketing charges for three major commodity groups--meat products, dairy products, and bakery and other cereal products--each declined 1 percent, while marketing charges for poultry and eggs showed a 4 percent increase from August to September.

Retail Cost Declines, No Change in Farm Value of Market Basket

Retail cost of the market basket to consumers dropped about 1 percent, from \$459 in August to \$454 in September. This followed a similar decline from July to August, reversing the upward trend of the previous four months. Payments to farmers for produce equivalent to the food products in the market basket were unchanged from August to September at \$236, the same as September 1943.

Farmer's Share Increases

The farmer's share of the consumer's dollar spent for farm food products rose to 52 cents in September 1944 from the level of 51 cents which held through

the preceding three months. Recent highs in the farmer's share were 54 cents in December 1943 and again in March 1944.

Lower Average Grade of Civilian Beef Purchases
May Affect Estimates of Marketing Charges

Charges for marketing beef products per composite retail pound declined 4 percent from 6.7 cents in August to 6.4 cents in September, a level only about half of the 12.9 cents shown for the pre-war period 1935-39. These estimates of marketing charges are calculated on the assumption that retail prices of beef represent an average of Good grade and are distorted by any tendency in retail price quotations to average lower than Good grade. Records of the Department of Agriculture showing results of grading beef in 1944 and 1943 point to a sharp decline in the percentages grading Good and Choice. These records indicate that for the three months June through August the average percentage of beef grading lower than Good increased from 42 percent in 1943 to about 65 percent in 1944, while the percentage grading Good and Choice decreased from 58 percent in 1943 to about 35 percent in 1944. From this total supply of graded beef, a large proportion of steer and heifer beef is set aside for military and lend-lease use, further accentuating the decline in the average grade of beef remaining for civilian purchase. The marked decline in average grade of beef sold by retail stores probably is reflected to some degree in retail price quotations.

Table 1.- THE MARKET BASKET: Retail cost of 1935-39 average annual purchases of farm food products by a family of three average consumers, farm value of equivalent quantities sold by producers adjusted for value of byproducts, marketing margin, and farmer's share of the consumer's food dollar, 1913-44

Year	Retail cost 1/	Farm value adjusted for byproducts 2/	Marketing charges (including tax and payment adjustments) 3/	Farmer's share 4/	Marketing charges as percentage of retail cost
	Dollars	Dollars	Dollars	Percent	Percent
1913-15 average	268	123	145	46	54
1920	568	245	323	43	57
1922	408	163	245	40	60
1929	435	183	252	42	58
1933	276	90	186	33	67
1935-39 average	340	137	203	40	59
1940	317	128	189	40	60
1941	347	154	193	44	56
1942	407	196	211	48	52
1943	458	237	221	52	49
1943-September ..	451	5/236	5/215	52	5/50
October ...	454	238	216	5/52	50
November ...	452	239	213	53	49
December ...	452	242	210	5/54	49
1944-January ...	453	242	211	53	49
February ...	449	239	210	5/222	5/49
March	447	241	206	54	49
April	451	238	213	53	50
May	456	235	221	52	51
June	5/459	236	5/223	51	51
July	5/463	235	5/228	51	52
August	459	5/236	5/223	5/51	51
September ..	454	236	218	52	51

1/ Calculated from retail prices collected by the Bureau of Labor Statistics and the Bureau of Agricultural Economics.

2/ Payments to farmers for equivalent quantities of farm produce minus imputed value of byproducts obtained in processing.

3/ Marketing charges equal margin minus processor taxes plus Government payments to marketing agencies.

4/ Farmer's share of consumer's food dollar, calculated from farm value before addition of producer payments.

5/ Revised.

Table 2.- Price spreads between farmers and consumers - food products: Retail price, farm value of equivalent quantities sold by producers, byproduct adjustment, marketing margin, and farmer's share of retail price, September 1944

Item	Unit	Farm equivalent	Retail	Retail price	Gross farm value	By-product allowance	Net farm value	Margin, adjusted for by-products	Farmers' share	Government marketing taxes (-) and payments (+)	Government adjusted margin, to producers	Adjusted farm value	Adjusted farm value
				Dollars	Dollars	Dollars	Dollars	Dollars	Percent	Dollars	Dollars	Dollars	Percent
Market beekat				454.33	236.76	---	236.76	218.67	62	-0.37 + 11.65	230.06	10.61	246.37 54
Meat products				100.56	86.89	8.08	77.83	22.72	77	+ 6.40	29.12	---	77.63 77
Dairy products				88.96	51.92	---	51.92	37.04	68	+ 2.80	39.64	9.84	61.78 89
Poultry and eggs				41.82	28.91	---	28.91	12.91	69	---	12.91	---	28.91 89
Sakary and other cereal products, all ingredients	Farm equivalent of retail unit			63.68	---	---	18.64	46.04	29	-0.05 + 1.14	48.13	.30	18.64 30
Grain				17.78	3.51	---	14.27	---	22	+ 1.00	---	---	---
Sakary products				38.63	---	---	8.99	29.64	23	-0.05 + .63	30.12	.30	9.29 24
Grain				6.78	1.06	---	4.72	---	12	+ .49	---	---	---
Other cereal products				26.06	12.00	2.66	9.66	16.50	38	+ .61	16.01	---	9.66 38
All fruits and vegetables				127.14	49.70	---	49.70	77.44	39	+ 1.26	76.70	---	49.70 39
Fresh fruits and vegetables				101.81	42.00	---	42.00	69.81	41	+ .07	69.88	---	42.00 41
Fresh vegetables				64.30	21.37	---	21.37	52.93	39	---	32.93	---	21.37 39
Canned fruits and vegetables				17.09	4.14	---	4.14	12.96	24	+ .88	13.63	---	4.14 24
Miscellaneous products				32.28	8.86	---	8.86	23.42	27	- .32 + .45	23.66	.47	9.33 29
				Cents	Cents	Cents	Cents	Percent		Cents	Cents	Cents	Percent
Beef	2.18 lb. good grade cattle	Lb.		32.9	1/33.3	4.8	28.5	4.4	87	+ 2.0	6.4	---	28.5 87
Lamb	2.16 lb. lamb	Lb.		34.8	28.1	6.6	20.6	14.0	80	+ 1.6	16.8	---	20.6 80
Pork	1.41 lb. live hog	Lb.		26.8	19.2	0.3	18.9	8.7	74	+ 1.6	8.6	---	18.9 74
Butter	Butterfat and farm butter	Lb.		49.0	41.1	---	41.1	7.9	84	+ 6.0	12.9	8.37	49.6 101
Cheese, American	10.08 lb. milk	Lb.		38.0	26.8	---	26.8	12.4	87	+ 3.77	16.2	6.97	31.6 63
Evaporated milk	1.96 lb. milk	14 1/2 oz. can		10.4	5.62	---	5.62	4.8	54	---	4.8	1.35	8.97 87
Fluid milk	Farm retail and wholesale milk	Qt.		14.7	8.92	---	8.92	6.8	61	+ .06	6.9	1.60	10.62 72
Eggs	1.03 doz.	Doz.		51.4	36.6	---	36.6	14.8	71	---	14.6	---	36.6 71
Chicken	1.156 lb. chicken	Lb.		41.3	26.9	---	26.9	14.4	66	---	14.4	---	26.9 66
White bread .....	.912 lb. wheat	Lb.		9.4	2.06	.39	1.66	7.7	18	+ .14	7.8	---	1.66 18
Whole wheat bread .....	.690 lb. wheat	Lb.		10.2	1.66	.12	1.43	8.8	14	+ .10	8.9	---	1.43 14
Rye bread .....	.862 lb. wheat and .304 lb. rye	Lb.		10.6	2.03	.36	1.67	8.8	16	+ .10	8.9	---	1.67 16
Soda crackers	1.408 lb. wheat	Lb.		18.1	3.17	.81	2.68	15.6	14	+ .10	16.6	---	2.66 14
Corn flakes	1.06 lb. corn	8 oz. pkg.		6.6	2.49	.93	1.66	5.0	24	---	6.0	---	1.66 24
Corn meal	1.343 lb. corn	Lb.		5.7	2.78	.49	2.29	3.4	40	---	3.4	---	2.29 40
Flour, white	1.41 lb. wheat	Lb.		6.7	3.17	.61	2.66	3.1	46	+ .17	3.3	---	2.66 46
Macaroni	1.99 lb. wheat	Lb.		16.7	4.45	1.66	2.79	12.9	18	+ .24	13.1	---	2.79 18
Rice	1.68 lb. rough rice	Lb.		11.9	5.92	.80	6.12	6.8	43	---	6.8	---	6.12 43
Rollod oats	2.06 lb. oats	Lb.		10.1	4.12	.81	3.31	6.8	33	---	6.8	---	3.31 33
Wheat cereal	3.017 lb. wheat	28 oz. pkg.		23.2	6.79	1.10	6.69	17.6	26	+ .48	18.0	---	6.89 26
Apples .....	.0224 bu. apples	Lb.		11.6	4.61	---	4.61	7.2	39	+ .06	7.3	---	4.61 39
Grapefruit .....	.0183 box for fresh use	Each		10.6	5.26	---	5.26	5.2	60	---	5.2	---	5.26 60
Oranges .....	.0813 box for fresh use	Doz.		48.2	26.4	---	26.4	22.8	63	---	22.8	---	26.4 63
Beets .....	.0259 bu. beets for market	Bunch		7.7	2.86	---	2.86	4.9	37	---	4.9	---	2.66 37
Beans, snap .....	.0376 bu. snap beans for market	Lb.		17.0	9.19	---	9.19	7.8	64	---	7.8	---	9.19 64
Cabbage	1.10 lb. cabbage for market	Lb.		4.6	2.09	---	2.09	2.6	46	---	2.6	---	2.09 46
Carrots .....	.0222 bu.	Bunch		8.9	3.33	---	3.33	5.6	37	---	5.6	---	3.33 37
Lettuce .....	.0231 ort.	Head		12.0	7.39	---	7.39	4.8	82	---	4.8	---	7.39 82
Onions	1.08 lb.	Lb.		6.9	1.92	---	1.92	4.0	33	---	4.0	---	1.92 33
Potatoes .....	.0174 bu.	Lb.		4.7	2.66	---	2.66	2.1	64	---	2.1	---	2.66 64
Spinach .....	.0638 bu. for market	Lb.		13.2	8.61	---	8.61	4.8	86	---	4.6	---	8.61 86
Sweet potatoes .....	.0204 bu.	Lb.		7.6	4.47	---	4.47	3.1	59	---	3.1	---	4.47 59
Grapefruit juice, canned .....	.046 box grapefruit for processing: No. 2 can			14.7	6.04	---	6.04	9.7	54	+ 2.1	11.6	---	6.04 34
Peeches, canned	1.89 lb. Calif. cling peaches: No. 2 can			28.0	6.89	---	6.89	21.1	26	---	21.1	---	6.89 26
Beans, green, canned	1.88 lb. green beans for processing: No. 2 can			13.1	3.92	---	3.92	9.2	30	+ .9	10.1	---	3.92 30
Corn, canned	13.03 lb. sweet corn for processing: No. 2 can			14.8	2.83	---	2.83	12.0	19	+ .7	12.7	---	2.83 19
Peas, canned .....	.89 lb. peas for processing: No. 2 can			13.2	3.04	---	3.04	10.2	23	+ 1.6	11.7	---	3.04 23
Tomatoes, canned	12.41 lb. tomatoes for processing: No. 2 can			12.1	3.10	---	3.10	9.0	26	+ .8	9.8	---	3.10 26
Prunes	1 lb. dried Calif. prunes	Lb.		17.6	9.22	---	9.22	8.3	53	+ 2.6	10.6	---	9.22 53
Peas beans	1 lb. Mich. and N. Y. pea beans	Lb.		10.2	6.97	---	6.97	4.2	69	+ .7	4.9	---	6.97 69
Beet sugar	6.96 lbs. sugar beets	Lb.		7.1	3.07	.16	2.91	4.2	41	- .64 + .49	4.2	.86	3.77 63
Cane sugar	12.44 lbs. sugar cane	Lb.		8.9	2.93	.26	2.68	4.2	39	- .54 + .18	3.8	.84	3.62 61
Corn sirup .....	.034 bu. corn	24 oz.		13.0	3.94	1.18	2.78	10.2	21	---	10.2	---	2.78 21
Margarine	Cottonseed, soybeans, end skim milk	Lb.		24.0	---	---	8.49	16.6	36	- .51 + .04	15.0	---	8.49 36
Saled and cooking oil	Cottonseed and corn	Pt.		30.8	---	---	8.62	21.6	29	---	21.8	---	8.62 29
Vegetable shortening	Cottonseed and soybeans	Lb.		23.6	---	---	10.18	13.4	43	+ .03	13.4	---	10.18 43
Peanut butter	1.72 lb. farmers' stock peanuts	Lb.		26.8	---	---	16.4	9.4	64	+ 4.5	15.9	---	16.4 64

1/ Gross farm value before adjusting for good grade premium was 22.5 cents.

Table 3.- Price spreads between farmers and consumers - food products: Retail price and farm value, September 1944 compared with the 1935-39 average, September 1943, and August 1944

Commodity	Retail unit	Retail price				Percentage change to:				Net farm value 1/				Percentage change to	
		1935-39:	September:	August:	September:	September 1944 from:	1935-39:	September:	August:	September:	September 1944 from:	1935-39:	September:	August:	September:
		average:	1943	1944	1944	September:	average:	1943	1944	1944	September:	average:	1943	1944	September:
		Dollars	Dollars	Dollars	Dollars	Percent	Percent	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars	Percent	Percent
Market basket		(340.47	451.03	2/458.93	454.33	+ 1	- 1	137.45	236.24	2/235.88	235.76	3/	3/		
Meat products		(88.09	102.95	100.76	100.55	- 2	3/	46.35	76.60	2/ 77.61	77.83	+ 2	3/		
Dairy products		(67.27	88.26	88.96	88.96	+ 1	0	33.47	51.51	2/ 51.47	51.92	+ 1	+ 1		
Poultry and eggs	1935-39 annual average	(26.47	42.99	40.27	41.82	- 3	+ 4	17.56	32.28	27.92	28.91	- 10	+ 4		
Bakery and other cereal products, all ingredients	quantities purchased, per family of three	(55.09	62.60	63.64	63.58	+ 2	3/	11.39	18.03	18.43	18.54	+ 3	+ 1		
Grain	per family of three	(36.63	38.45	38.56	38.53	3/	3/	5.41	8.96	8.87	8.99	+ 1	+ 1		
Bakery products, all ingred.	average	(18.46	24.15	25.08	25.05	+ 4	3/	5.98	9.17	9.56	9.55	+ 4	3/		
Grain	consumers	(18.46	24.15	25.08	25.05	+ 4	3/	5.98	9.17	9.56	9.55	+ 4	3/		
Other cereal products		(18.46	24.15	25.08	25.05	+ 4	3/	5.98	9.17	9.56	9.55	+ 4	3/		
All fruits and vegetables		(77.58	121.40	133.02	127.14	+ 5	- 4	23.91	49.54	2/51.63	49.70	3/	- 4		
Fresh fruits and vegetables		(57.64	95.63	107.57	101.61	+ 6	- 6	20.30	42.61	2/43.96	42.00	- 1	- 4		
Fresh vegetables		(33.32	52.55	57.09	54.30	+ 3	- 5	11.48	21.75	2/22.38	21.37	- 2	- 5		
Canned fruits and vegetables		(14.14	17.55	17.05	17.09	- 3	3/	1.92	3.85	2/ 4.21	4.14	+ 8	- 2		
Miscellaneous products		(25.97	32.93	2/32.28	32.28	- 2	0	4.77	8.28	8.92	8.86	+ 7	- 1		
		Cents	Cents	Cents	Cents	Percent	Percent	Cents	Cents	Cents	Cents	Percent	Percent		
Beef (good grade)	Lb.	29.1	33.7	33.1	32.9	- 2	- 1	16.2	26.3	2/28.4	28.5	+ 8	3/		
Lamb	Lb.	26.8	35.4	35.1	34.6	- 2	- 1	13.2	21.2	21.0	20.6	- 3	- 2		
Pork	Lb.	22.6	26.2	25.5	25.6	- 2	3/	11.7	19.6	18.9	18.9	- 4	+ 1		
Butter	Lb.	35.0	49.3	49.0	49.0	- 1	0	23.9	41.2	41.0	41.1	3/	3/		
Cheese, American	Lb.	25.9	38.0	38.0	38.0	0	0	13.6	25.7	2/25.1	25.6	3/	+ 2		
Evaporated milk	14 1/2 oz. can	7.5	10.5	10.4	10.4	- 1	0	2.96	5.41	2/ 5.39	5.62	+ 4	+ 4		
Fluid milk	Qt.	11.4	14.4	14.7	14.7	+ 2	0	6.32	8.79	8.83	8.92	+ 1	+ 1		
Eggs	Doz.	29.0	54.6	49.1	51.4	- 6	+ 5	22.3	42.9	34.0	36.6	- 14	+ 8		
Chicken	Lb.	30.0	40.5	40.2	41.3	+ 2	+ 3	16.9	28.6	27.4	26.9	- 6	- 2		
White bread	Lb.	9.1	9.4	9.4	9.4	0	0	1.08	1.58	1.63	1.66	+ 5	+ 2		
Whole wheat bread	Lb.	9.6	10.3	10.2	10.2	- 1	0	.90	1.37	1.42	1.43	+ 4	+ 1		
Rye bread	Lb.	10.0	10.7	10.5	10.5	- 2	0	1.04	1.58	1.68	1.67	+ 6	- 1		
Soda crackers	Lb.	16.0	17.7	18.2	18.1	+ 2	- 1	1.67	2.44	2.52	2.56	+ 5	+ 2		
Corn flakes	8 oz. pkg.	7.9	6.7	6.6	6.6	- 1	0	.94	1.44	1.57	1.56	+ 8	- 1		
Corn meal	Lb.	3.0	5.1	5.7	5.7	+ 12	0	1.40	2.16	2.31	2.29	+ 6	- 1		
Flour, white	Lb.	3.9	6.5	5.7	5.7	+ 4	0	1.67	2.44	2.52	2.56	+ 5	+ 2		
Macaroni	Lb.	14.9	15.7	15.9	15.7	0	- 1	1.87	2.54	2/2.81	2.79	+ 10	- 1		
Rice	Lb.	7.2	11.6	12.0	11.9	+ 3	- 1	2.37	5.22	5.47	5.12	- 2	- 6		
Rollod oats	Lb.	7.3	8.9	10.0	10.1	+ 13	+ 1	1.74	3.67	3.67	3.51	- 7	- 10		
Wheat cereal	28 oz. pkg.	24.2	23.3	23.2	23.2	3/	0	3.66	5.45	5.69	5.69	+ 4	0		
Apples	Lb.	4.9	9.3	13.5	11.9	+ 27	- 13	2.03	4.93	4.75	4.61	- 6	- 3		
Grapefruit	Each	4/	9.6	9.9	10.5	+ 9	+ 6	4/	4.21	4.91	5.26	+ 25	+ 9		
Oranges	Doz.	29.8	50.7	48.5	49.2	- 5	- 1	11.0	23.9	25.7	25.4	+ 6	- 1		
Beets	Bunch	4/	8.3	7.3	7.7	- 7	+ 6	4/	3.50	2/2.72	2.85	- 19	+ 5		
Beans, snap	Lb.	11.3	15.1	13.9	17.0	+ 13	+ 23	5/4.49	7.88	2/7.88	9.19	+ 17	+ 17		
Cabbage	Lb.	5.4	4.5	4.5	4.6	+ 2	+ 2	5/8.1	1.80	2/2.32	2.09	+ 16	- 10		
Carrots	Bunch	5.4	9.0	8.7	8.9	- 1	+ 2	5/1.69	3.65	2/3.77	3.33	- 6	- 12		
Lettuces	Head	8.7	13.0	10.7	12.0	- 8	+ 12	5/3.61	6.70	6.81	7.39	+ 10	+ 9		
Onions	Lb.	4.5	7.8	6.9	5.9	- 24	- 14	5/1.30	2.66	2/2.50	1.92	- 28	- 23		
Potatoes	Lb.	2.6	4.0	5.2	4.7	+ 18	- 10	1.25	2.33	2.77	2.56	+ 10	- 8		
Spinach	Lb.	7.2	12.8	11.9	13.2	+ 3	+ 11	6/2.84	7.98	2/6.70	8.61	+ 8	+ 29		
Sweetpotatoes	Lb.	4.0	8.9	10.7	7.8	- 15	- 29	5/1.65	4.71	5.26	4.47	- 5	- 15		
Grapefruit juice, canned	No. 2 can	4/	14.8	14.7	14.7	- 1	0	4/	5.08	5.04	5.04	---	- 1		
Peaches, canned	No. 2 1/2 can	15.7	25.7	27.7	28.0	+ 5	+ 1	2.53	5.82	7.06	6.89	+ 18	- 2		
Beans, green, canned	No. 2 can	11.4	14.5	13.2	13.1	- 10	- 1	1.95	4.01	3.95	3.92	- 2	+ 2		
Corn, canned	No. 2 can	12.1	14.3	14.8	14.8	+ 3	0	1.50	2.48	2.80	2.83	+ 14	+ 1		
Peas, canned	No. 2 can	15.6	14.4	13.1	13.2	- 8	+ 1	2.29	3.42	2/3.19	3.04	- 11	- 5		
Tomatoes, canned	No. 2 can	9.4	12.6	12.1	12.1	- 4	0	1.49	2.88	2/3.12	3.10	+ 8	- 1		
Prunes	Lb.	10.0	16.7	17.5	17.5	+ 5	0	2.99	7.29	9.22	9.22	+ 26	0		
Navy beans	Lb.	6.5	9.5	10.1	10.2	+ 7	+ 1	3.02	5.57	5.89	5.97	+ 7	+ 1		
Beet sugar	Lb.	5.7	7.2	2/7.1	7.1	- 1	0	1.73	2.36	2.91	2.91	+ 23	0		
Cane sugar	Lb.	5.5	7.0	6.9	6.9	- 1	0	1.78	2.53	2.68	2.68	+ 6	0		
Corn sirup	24 oz.	11.5	13.1	13.0	13.0	- 1	0	1.79	2.58	2.81	2.78	+ 4	- 1		
Margarine	Lb.	18.1	24.0	24.0	24.0	0	0	4.30	8.17	2/8.57	8.49	+ 4	- 1		
Solid and cooking oil	Pt.	24.5	30.5	30.6	30.6	3/	0	4.44	9.10	8.90	8.82	- 3	- 1		
Vegetable shortening	Lb.	19.5	23.6	23.6	23.6	0	0	5.21	9.78	10.26	10.16	+ 4	- 1		
Peanut butter	Lb.	17.6	30.3	25.8	25.8	- 15	0	6.1	13.6	16.1	16.4	+ 21	+ 2		

1/ Adjusted to exclude imputed value of non-food byproducts obtained in processing.

2/ Revised.

3/ Less than 0.5 of one percent.

4/ Price data not available.

5/ Estimated for 1935-39 from data available for 1937-39.

Table 4.- Price spreads between farmers and consumers - food products: Margins, and farm value as percentage of retail price, September 1944 compared with the 1935-39 average, September 1943, and August 1944

Commodity	Retail unit	Margins 1/						Farm value as percentage of retail price			
		1935-39 average	September 1943	August 1944	September 1944	Percentage change to		1935-39 average	September 1943	August 1944	September 1944
						September 1944 from:					
						September 1943	August 1944				
		Dollars	Dollars	Dollars	Dollars	Percent	Percent	Percent	Percent	Percent	Percent
Market basket		203.02	214.79	2/223.05	218.57	+ 2	- 2	40	52	2/51	52
Meat products		41.74	26.35	2/ 23.15	22.72	- 14	- 2	53	74	2/77	77
Dairy products		33.80	36.76	2/ 37.49	37.04	+ 8	- 1	50	58	68	68
Poultry and eggs	1935-39 annual average	8.91	10.71	12.46	12.91	+ 21	+ 4	66	75	69	69
Bakery and other cereal products, all ingredients	quantities purchased	43.70	44.67	45.21	45.04	+ 1	3/	21	29	29	29
Grain	per family of three	---	---	---	---	---	---	---	---	---	---
Bakery products, all ingred.	of three	31.22	29.69	29.69	29.54	3/	- 1	16	23	23	23
Grain	average consumers	---	---	---	---	---	---	---	---	---	---
Other cereal products		12.48	14.98	16.62	16.60	+ 3	3/	32	38	38	38
All fruits and vegetables		53.67	71.86	2/ 81.39	77.44	+ 8	- 6	31	41	2/39	39
Fresh fruits and vegetables ..		37.34	53.02	2/ 63.71	59.61	+ 12	- 6	35	46	2/41	41
Fresh vegetables		21.84	30.80	2/ 34.71	32.93	+ 7	- 5	34	41	2/39	39
Canned fruits and vegetables ..		12.22	13.70	2/ 12.84	12.96	- 6	+ 1	14	22	26	24
Miscellaneous products		21.20	24.56	2/ 23.36	23.42	- 5	3/	18	25	28	27
		Cents	Cents	Cents	Cents	Percent	Percent	Percent	Percent	Percent	Percent
Beef (good grade)	Lb.	12.9	7.4	2/4.7	4.4	- 41	- 6	66	78	2/86	87
Lamb	Lb.	13.6	14.2	14.1	14.0	- 1	- 1	49	60	80	60
Pork	Lb.	10.9	6.6	6.7	6.7	+ 2	0	52	76	74	74
Butter	Lb.	11.1	8.1	8.0	7.9	- 2	- 1	88	84	84	84
Cheese, American	Lb.	12.3	12.3	2/12.9	12.4	+ 1	- 4	53	68	2/88	57
Evaporated milk	14 oz. can	4.8	5.1	2/5.0	4.8	- 8	- 4	38	52	2/52	54
Fluid milk	Qt.	5.1	5.8	5.9	5.8	+ 4	- 2	55	61	80	81
Eggs	Doz.	6.7	11.8	15.1	14.8	+ 25	- 2	77	78	69	71
Chicken	Lb.	13.1	11.9	12.8	14.4	+ 21	+ 12	66	71	68	66
White bread	Lb.	8.0	7.8	7.8	7.7	- 1	- 1	12	17	17	18
Whole wheat bread	Lb.	8.7	8.9	8.8	8.8	- 1	0	9	13	14	14
Rye bread	Lb.	9.0	9.1	8.8	8.8	- 3	0	10	15	16	16
Soda crackers	Lb.	14.3	15.3	15.7	15.5	+ 1	- 1	10	14	14	14
Corn flakes	8 oz. pkg.	7.1	5.3	5.0	5.0	- 6	0	11	21	24	24
Corn meal	Lb.	1.6	2.9	3.4	3.4	+ 17	0	47	42	41	40
Flour, white	Lb.	2.2	3.1	3.2	3.1	0	- 3	43	44	44	46
Macaroni	Lb.	13.0	13.2	13.0	12.9	- 2	- 1	13	16	18	18
Rice	Lb.	4.8	6.4	6.5	6.8	+ 6	+ 5	33	45	46	43
Rollod oats	Lb.	5.6	5.3	6.3	6.8	+ 28	+ 8	24	40	37	33
Wheat cereal	28 oz. pkg.	20.5	17.8	17.5	17.5	- 2	0	15	23	25	25
Apples	Lb.	2.9	4.4	8.8	7.2	+ 64	- 18	41	53	36	39
Grapefruit	Each	4/	5.4	5.1	5.2	- 4	+ 2	4/	44	49	50
Oranges	Doz.	18.8	26.8	22.8	22.8	- 15	0	37	47	53	53
Beets	Bunch	4/	4.8	2/4.6	4.9	+ 2	+ 7	---	42	2/37	37
Beans, snap	Lb.	6.8	7.2	2/6.9	7.8	+ 8	+ 32	40	52	2/57	54
Cabbage	Lb.	2.6	2.7	2/2.2	2.5	- 7	+ 14	24	40	2/52	45
Carrots	Bunch	3.7	5.4	2/4.9	5.6	+ 4	+ 14	31	39	2/43	37
Lettuce	Head	5.1	6.3	3.9	4.6	- 27	+ 18	41	52	64	62
Onions	Lb.	3.2	5.1	2/4.4	4.0	- 22	- 9	29	34	2/36	33
Potatoes	Lb.	1.3	1.7	2.4	2.1	+ 24	- 12	50	58	53	54
Spinach	Lb.	4.4	4.8	2/5.2	4.6	- 4	- 12	39	62	2/56	65
Sweetpotatoes	Lb.	2.4	4.2	5.4	3.1	- 26	- 43	41	53	49	59
Grapefruit juice, canned	No. 2 can	4/	---	9.6	9.7	---	+ 1	4/	---	35	34
Peaches, canned	No. 2 1/2 can	16.2	20.9	20.6	21.1	+ 1	+ 2	14	22	25	25
Beans, green, canned	No. 2 can	9.4	10.6	9.4	9.2	- 12	- 2	17	28	29	30
Corn, canned	No. 2 can	10.6	11.8	12.0	12.0	+ 2	0	12	17	19	19
Peas, canned	No. 2 can	13.3	11.0	2/9.9	10.2	- 7	+ 3	16	24	2/24	23
Tomatoes, canned	No. 2 can	7.9	9.7	9.0	9.0	- 7	0	16	23	26	26
Prunes	Lb.	7.0	9.4	8.3	8.3	- 12	0	30	44	53	63
Navy beans	Lb.	3.6	3.9	4.2	4.2	+ 8	0	46	59	68	69
Beet sugar	Lb.	4.0	4.8	2/4.2	4.2	- 12	0	30	33	2/41	41
Cane sugar	Lb.	3.7	4.6	4.2	4.2	- 7	0	32	38	39	39
Corn sirup	24 oz.	9.7	10.5	10.2	10.2	- 3	0	18	20	22	21
Margarine	Lb.	13.8	16.8	16.4	16.5	- 2	+ 1	24	34	38	36
Salad and cooking oil	Pt.	20.1	21.4	21.7	21.8	+ 2	3/	18	30	29	29
Vegetable shortening	Lb.	14.3	13.8	13.3	13.4	- 3	+ 1	27	41	43	43
Peanut butter	Lb.	11.5	16.7	2/9.7	9.4	- 44	- 3	35	46	62	64

1/ Before adjustment for Government taxes and payments to marketing agencies. See table 5.

2/ Revised.

3/ Less than 0.5 of one percent.

4/ Price data not available.

Table S.- Price spreads between farmers and consumers - food products: Marketing charges adjusted for Government taxes upon and payments to marketing agencies, September 1944 compared with the 1935-39 average, September 1943, and August 1944

Commodity	Retail unit	Government marketing taxes and payments 1/				Marketing charges 2/				Percentage change to	
		1935-39	September	August	September	1935-39	September	August	September	September	August
		average	1943	1944	1944	average	1943	1944	1944	1943	1944
		Dollars	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars	Percent	Percent
Market basket		-1.97	-0.37 + 9.29	3/-0.37 + 11.77	-0.37 + 11.85	201.05	225.71	3/234.45	230.05	+ 3	- 2
Meat products		-1.09	+ 6.40	+ 6.40.	+ 6.40	40.65	32.75	3/29.55	29.12	- 11	- 1
Dairy products		---	+ 2.48	3/+ 2.59	+ 2.60	33.90	39.23	3/40.08	39.64	+ 1	- 1
Poultry and eggs	1935-39 annual average	---	---	---	---	8.91	10.71	12.45	12.91	+ 21	+ 4
Bakery and other cereal products, all ingredients	quantities purchased per family of three average	-.56	-.05 + .10	-.05 + 1.23	-.05 + 1.14	43.04	44.62	46.39	46.13	+ 3	- 1
Grain	of three average	-.61	---	+ 1.10	+ 1.00	---	---	---	---	---	---
Bakery products, all ingred.	of three average	-.28	-.05 + .10	-.05 + .58	-.05 + .63	30.94	29.64	30.32	30.12	+ 2	- 1
Grain	consumers	-.23	---	+ .55	+ .49	---	---	---	---	---	---
Other cereal products		-.38	---	+ .55	+ .51	12.10	14.98	15.07	16.01	+ 7	3/
All fruits and vegetables		---	+ .29	3/+ 1.10	+ 1.26	53.67	72.15	3/82.49	78.70	+ 9	- 5
Fresh fruits and vegetables		---	---	+ .01	+ .07	37.34	53.02	3/63.72	59.68	+ 13	- 6
Fresh vegetables		---	---	---	---	21.94	30.80	3/34.71	32.93	+ 7	- 5
Canned fruits and vegetables		---	+ .29	3/+ .58	+ .68	12.22	13.99	3/13.42	13.63	+ 3	+ 2
Miscellaneous products		---	---	---	---	---	---	---	---	---	---
		-24	-32 + .02	3/-32 + .45	-32 + .45	20.96	24.26	3/23.49	23.55	+ 3	4/
		Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Percent	Percent
Beef (good grade)	Lb.	---	+ 2.0	+ 2.0	+ 2.0	12.9	9.4	3/6.7	6.4	+ 32	- 4
Lamb	Lb.	---	+ 1.6	+ 1.6	+ 1.6	13.6	15.8	15.7	15.6	- 1	- 1
Pork	Lb.	-0.60	+ 1.8	+ 1.3	+ 1.8	10.3	8.4	8.5	8.5	+ 1	0
Butter	Lb.	---	+ 5.0	+ 5.0	+ 5.0	11.1	13.1	13.0	12.9	- 2	- 1
Cheese, American	Lb.	---	+ 3.77	+ 3.77	+ 3.77	12.3	16.1	3/16.7	16.2	+ 1	- 3
Evaporated milk	14 oz. can	---	---	---	---	4.6	5.1	3/5.0	4.8	- 6	- 4
Fluid milk	Qt.	---	+ .03	+ .08	+ .08	5.1	5.6	6.0	5.9	+ 6	- 2
Eggs	Doz.	---	---	---	---	6.7	11.8	15.1	14.8	+ 25	- 2
Chickens	Lb.	---	---	---	---	13.1	11.9	12.8	14.4	+ 21	+ 12
White bread	Lb.	-.08	---	+ .16	+ .14	7.9	7.8	8.0	7.8	0	- 2
Whole wheat bread	Lb.	-.07	---	+ .12	+ .10	8.6	8.9	8.9	8.9	0	0
Rye bread	Lb.	-.08	---	+ .11	+ .10	8.9	9.1	8.9	8.9	- 2	0
Soda crackers	Lb.	-.14	---	+ .08	+ .10	14.2	15.3	15.8	15.6	+ 3	- 1
Corn flakes	8 oz. pkg.	-.01	---	---	---	7.1	5.3	5.0	5.0	- 6	0
Corn meal	Lb.	-.02	---	---	---	1.6	2.9	3.4	3.4	+ 17	0
Flour, white	Lb.	-.13	---	+ .18	+ .17	2.1	3.1	3.4	3.3	+ 6	- 3
Macaroni	Lb.	-.14	---	+ .29	+ .24	12.9	13.2	13.3	13.1	- 1	- 2
Rice	Lb.	-.10	---	---	---	4.7	6.4	6.5	6.8	+ 6	+ 5
Rolls oats	Lb.	---	---	---	---	5.5	5.3	6.3	6.8	+ 28	+ 8
Wheat cereal	28 oz. pkg.	-.26	---	+ .55	+ .46	20.2	17.8	18.0	18.0	+ 1	0
Apples	Lb.	---	---	+ .01	+ .06	2.9	4.4	8.8	7.3	+ 66	- 17
Grapefruit	Each	---	---	---	---	---	5.4	5.1	5.2	- 4	+ 2
Oranges	Doz.	---	---	---	---	18.8	26.8	22.8	22.8	- 15	0
Beets	Bunch	---	---	---	---	---	4.8	3/4.6	4.9	+ 2	+ 7
Beans, snap	Lb.	---	---	---	---	6.8	7.2	3/5.9	7.8	+ 8	+ 32
Cabbage	Lb.	---	---	---	---	2.6	2.7	3/2.2	2.5	- 7	+ 14
Carrots	Bunch	---	---	---	---	3.7	5.4	3/4.9	5.6	+ 4	+ 14
Lettuce	Head	---	---	---	---	5.1	6.3	3.9	4.5	- 27	+ 18
Onions	Lb.	---	---	---	---	3.2	5.1	3/4.4	4.0	- 22	- 9
Potatoes	Lb.	---	---	---	---	1.3	1.7	2.4	2.1	+ 24	- 12
Spinach	Lb.	---	---	---	---	4.4	4.8	3/5.2	4.6	- 4	- 12
Sweetpotatoes	Lb.	---	---	---	---	2.4	4.2	5.4	3.1	- 26	- 43
Grapefruit juice, canned	No. 2 can	---	---	+ 2.1	+ 2.1	---	---	11.7	11.8	---	+ 1
Peaches, canned	No. 2 1/2 can	---	---	+ .1	---	18.2	20.9	21.1	21.1	+ 1	+ 2
Beans, green, canned	No. 2 can	---	+ .6	+ .9	+ .9	9.4	11.1	10.3	10.1	- 9	- 2
Corn, canned	No. 2 can	---	+ .4	+ .7	+ .7	10.5	12.2	12.7	12.7	+ 4	0
Peas, canned	No. 2 can	---	+ .7	3/+ 1.4	+ 1.5	13.3	11.7	3/11.3	11.7	0	+ 4
Tomatoes, canned	No. 2 can	---	+ .4	+ .5	+ .8	7.9	10.1	9.6	9.8	- 3	+ 2
Prunes	Lb.	---	---	+ 2.5	+ 2.5	7.0	9.4	10.8	10.8	+ 15	0
Navy beans	Lb.	---	---	+ .7	+ .7	3.5	3.9	4.9	4.9	+ 26	0
Beet sugar	Lb.	-.35	-.54	-.54 + .49	-.54 + .49	3.6	4.3	4.2	4.2	- 2	0
Cane sugar	Lb.	-.36	-.54	-.54 + .18	-.54 + .18	3.3	4.0	3.8	3.8	- 5	0
Corn sirup	24 oz.	-.03	---	---	---	9.7	10.5	10.2	10.2	- 3	0
Margarine	Lb.	-.61	-.51 + .09	3/-51 + .04	-.51 + .04	13.2	15.4	14.9	15.0	- 3	+ 1
Salad and cooking oil	Pt.	-.03	---	---	---	20.1	21.4	21.7	21.8	+ 2	4/
Vegetable shortening	Lb.	---	+ .06	3/+ .03	+ .03	14.3	13.9	13.3	13.4	- 4	+ 1
Peanut butter	Lb.	-.34	---	+ 4.5	+ 4.5	11.2	16.7	14.2	13.9	- 17	- 2

1/ Tax paid by marketing agency denoted by minus sign, payment by Government to agency by plus sign.

2/ Calculated from marketing margin (table 4) minus tax plus Government payment.

3/ Revised.

4/ Less than 0.5 of one percent.

Table 6.- Farm products: Indexes of prices at several levels of marketing, 1935-39 = 100

Year and month	Foods				Fibers				Whole-	
	Cost of living of city families	Retail prices of food products	Whole-sale prices of farm products	Re-ceived by farmers	Retail prices of cloth-ing	Whole-sale prices of textile pro-ducts	Re-ceived by farmers for cotton and wool	Prices of sale of all farm pro-ducts	Re-ceived by farmers for all pro-ducts	Prices paid by farm-ers
	1/	2/	3/	2/	1/	3/	4/	3/	5/	5/
1913	71	78	81	90	69	81	110	94	95	81
1914	72	80	82	91	70	77	97	94	94	80
1916	78	94	96	106	78	99	131	111	110	99
1918	108	135	151	171	128	193	280	195	190	141
1920	143	167	174	178	201	232	281	198	196	161
1929	122	128	126	133	115	127	6/166	138	139	123
1932	98	83	77	67	91	77	55	63	63	87
1935	98	102	106	100	97	100	108	104	101	100
1936	99	103	104	104	98	101	114	106	106	99
1937	103	106	108	114	103	107	111	114	114	105
1938	101	96	93	93	102	94	81	90	90	99
1939	99	93	89	89	100	98	87	86	88	97
1940	100	93	90	93	102	104	98	89	93	98
1941	105	102	105	112	106	119	131	108	115	105
1942	116	120	126	143	124	136	177	139	148	122
1943	124	135	135	172	130	137	190	161	179	134
1939-Aug. :	99	91	85	82	100	95	96	80	83	95
Sept. :	101	95	95	91	100	101	6/ 91	90	91	98
1943-Sept. :	124	132	133	172	132	137	192	162	180	135
Oct. :	124	133	133	173	133	137	192	161	181	136
Nov. :	124	133	134	174	134	138	185	160	181	137
Dec. :	124	133	134	176	135	138	189	160	182	139
1944-Jan. :	124	133	133	176	135	138	6/191	160	182	139
Feb. :	124	132	132	174	135	138	189	161	182	140
Mar. :	124	131	132	175	137	138	189	163	182	140
Apr. :	125	132	133	173	137	138	6/191	162	182	140
May .:	125	134	133	171	137	138	189	162	181	140
June :	125	135	135	172	138	138	192	165	180	141
July :	126	136	134	171	138	138	194	163	179	141
Aug. :	126	135	133	172	139	139	192	161	180	141
Sept.:	126	133	132	172	141	140	199	161	179	141

1/ From "Changes in Cost of Living" Bureau of Labor Statistics.

2/ Calculated from data compiled for "Price Spreads Between Farmers and Consumers - Food Products", Bureau of Agricultural Economics, 1944.

3/ Calculated from data of the Bureau of Labor Statistics.

4/ Cotton and wool prices weighted by production in the period 1935-39.

5/ Based on figures published by the Crop Reporting Board.

6/ Revised.

Table 7.- Food cost and expenditures compared with total income per person,
United States average 1/

Year and month	Total income		Food expenditures		Cost to consumer of fixed			
	expenditures		As percentage of		quantities of foods repre-			
	Total		Total		senting average annual con-			
	income		income		sumption per person, 1935-39			
		for consumer goods and services	Actual					
	Dol.	Dol.	Dol.	Pct.	Pct.	Dol.	Pct.	Pct.
1935-39 average	520	456	118	23	26	118	23	26
1942	857	612	199	23	33	149	17	24
1943	1,042	685	219	21	32	170	16	25
Annual rates by months, seasonally adjusted								
1944 - May	1,127	787	230	20	29	170	15	22
June	1,133	719	2/227	20	32	170	15	24
July	1,131	750	243	21	32	172	15	23

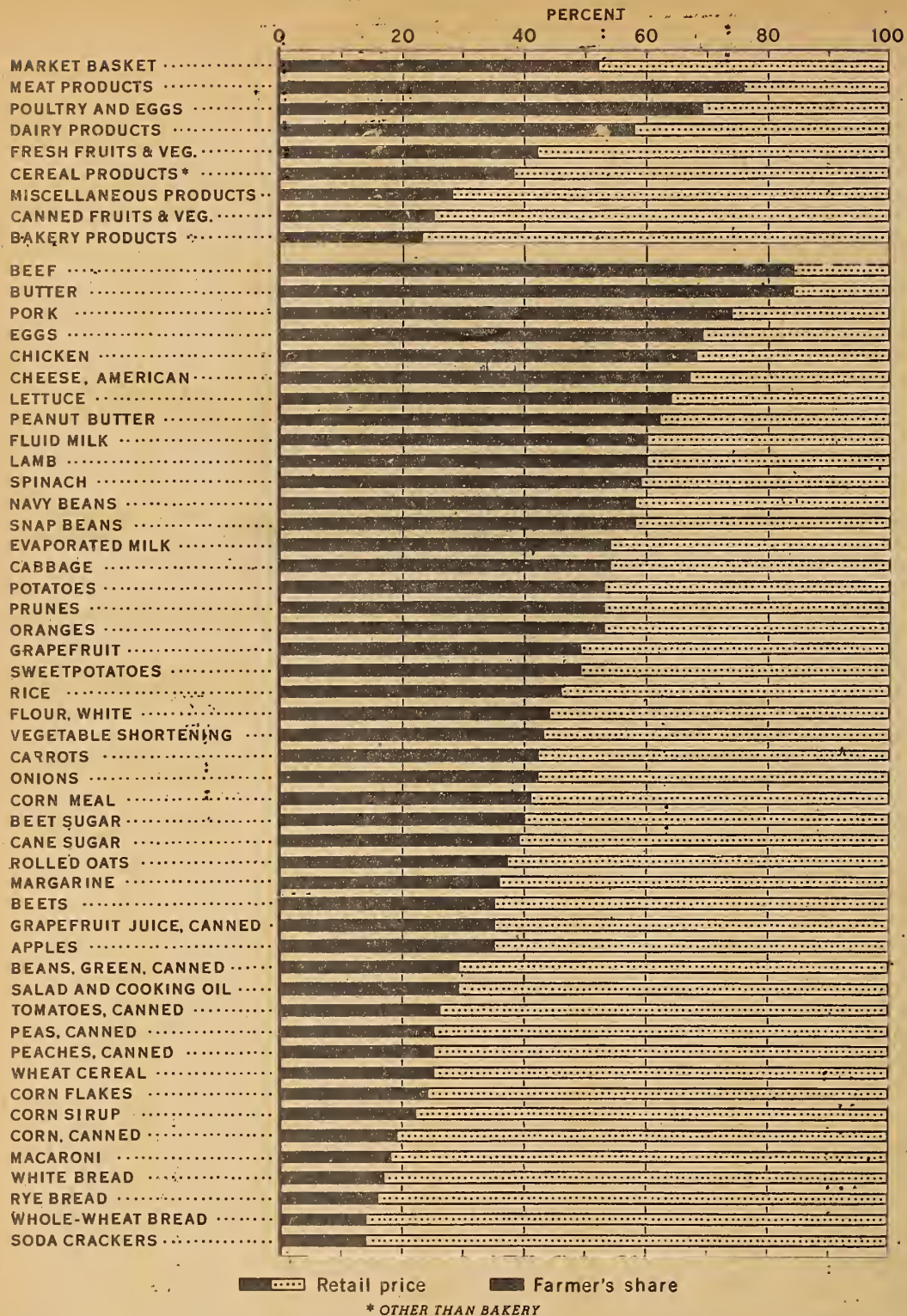
1/ See notes in original table page 3, April-May 1943 issue. 2/ Revised.

Table 8.- Indexes of consumer income and of hourly earnings in marketing,
1935-39 = 100

Year and month	Nonagri- cultural income payments 1/	Monthly earnings per employed factory worker 2/	Hourly earnings in marketing enterprises			
			Class I. steam railways 3/	Food processing 4/	Food marketing 5/	Cotton processing 6/
1929	122	118	93	---	---	---
1935-39 average ..	100	100	100	100	100	100
1941	138	132	106	116	110	119
1942	170	166	119	128	120	139
1943	207	196	121	139	130	152
1943 - August	210	197	120	140	131	151
September ..	211	201	121	140	132	154
October	213	204	121	142	133	153
November ..	217	205	123	145	134	153
December ..	219	202	124	146	132	153
1944 - January	222	205	132	146	135	154
February ..	224	206	137	146	135	154
March	225	207	133	146	135	156
April	224	206	134	147	137	161
May	226	209	133	149	138	163
June	228	210	133	149	138	164
July	229	205	134	147	138	165
August	6/231	6/207	132	147	138	164

1/ United States Department of Commerce estimates. Adjusted for seasonal variation. Revised series. 2/ Prepared in the Bureau of Agricultural Economics from data of the Bureau of Labor Statistics, adjusted for seasonal variation. 3/ Compiled from data published by the Interstate Commerce Commission. 4/ Bureau of Labor Statistics. 5/ Weighted composite of earnings in steam railways, food processing, wholesaling, and retailing. 6/ Preliminary estimates.

FARM FOOD PRODUCTS: FARMER'S SHARE OF RETAIL COST, AUGUST 1944

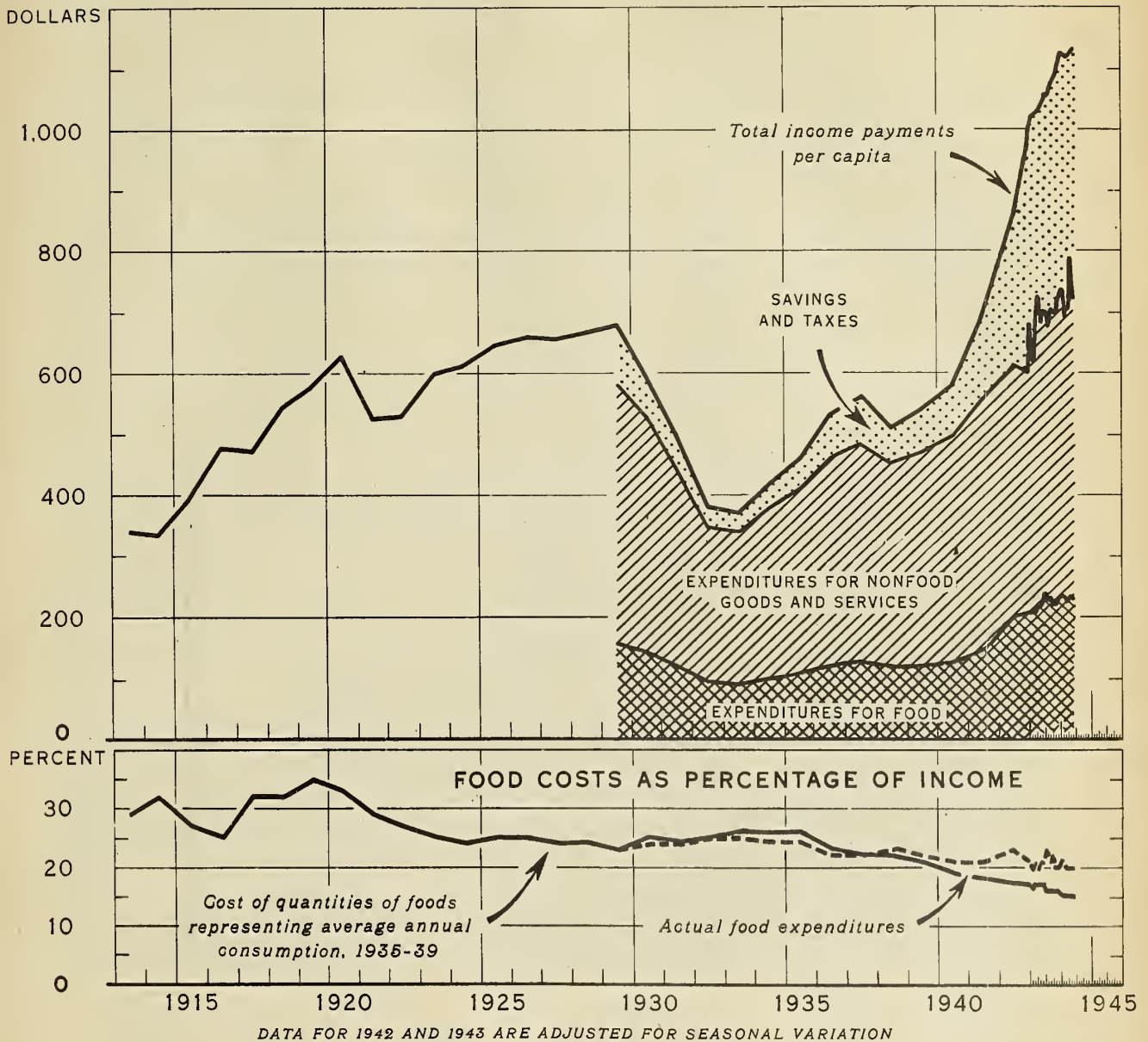


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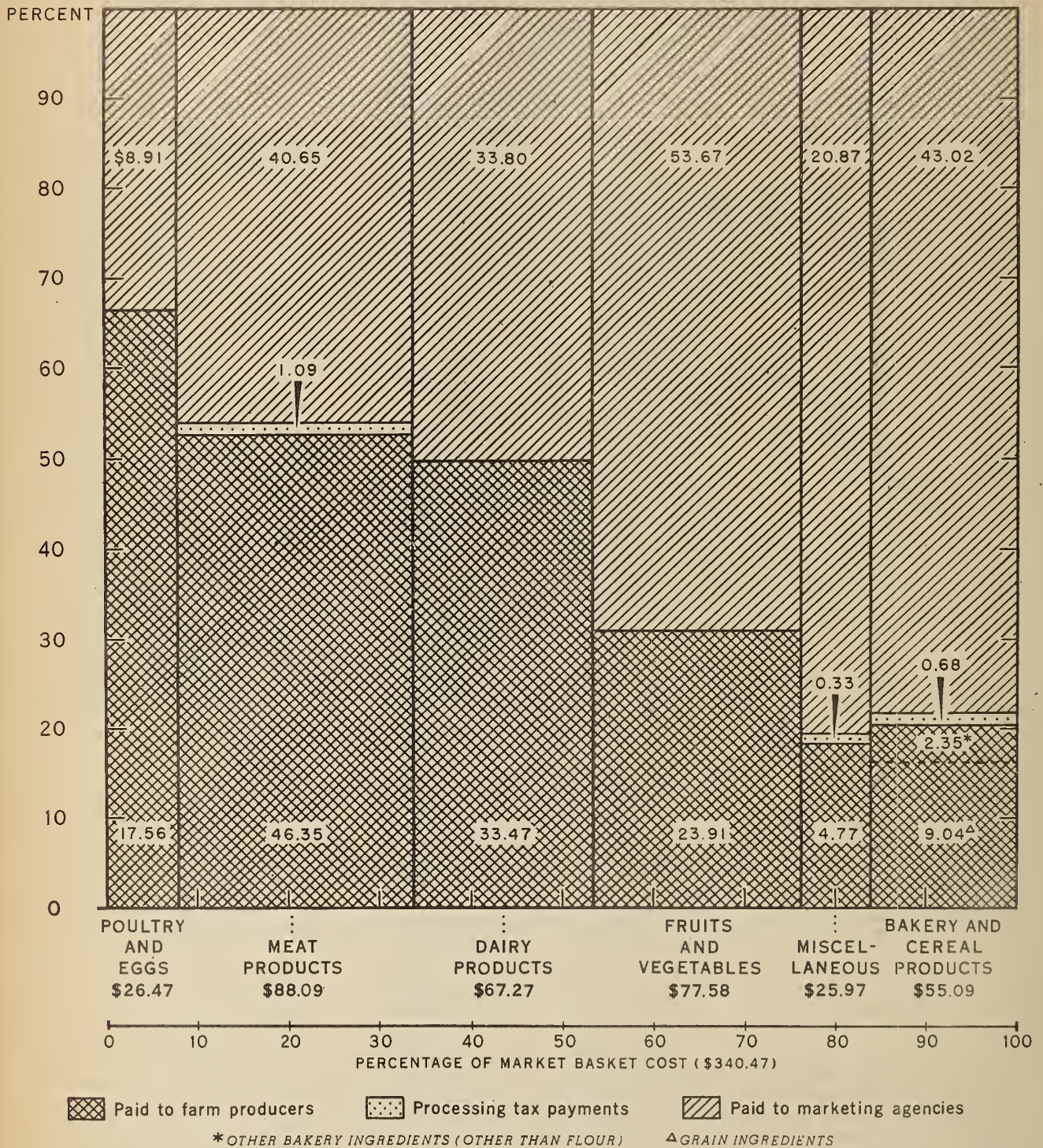
The farmer's share of the consumer's dollar spent for all farm food products averaged close to a record high, at 52 cents in August 1944. The farmer's share of retail cost is highest for meat, dairy, and poultry products and lowest for highly processed bakery products and canned goods. Government payments to processors of meats, butter and cheese serve to increase the farmer's share for those items.

PER CAPITA FOOD COSTS, CONSUMER INCOME, AND EXPENDITURES, UNITED STATES, 1913-44



Consumer incomes have risen faster than retail food prices since 1938. This is reflected in the declining percentage of income required to purchase quantities and descriptions of foods consumed during the pre-war years 1935-39. Actual food expenditures have increased more than retail food prices, reflecting larger quantities consumed and shifts to purchases of foods involving the expense of additional marketing services, such as prepared meals.

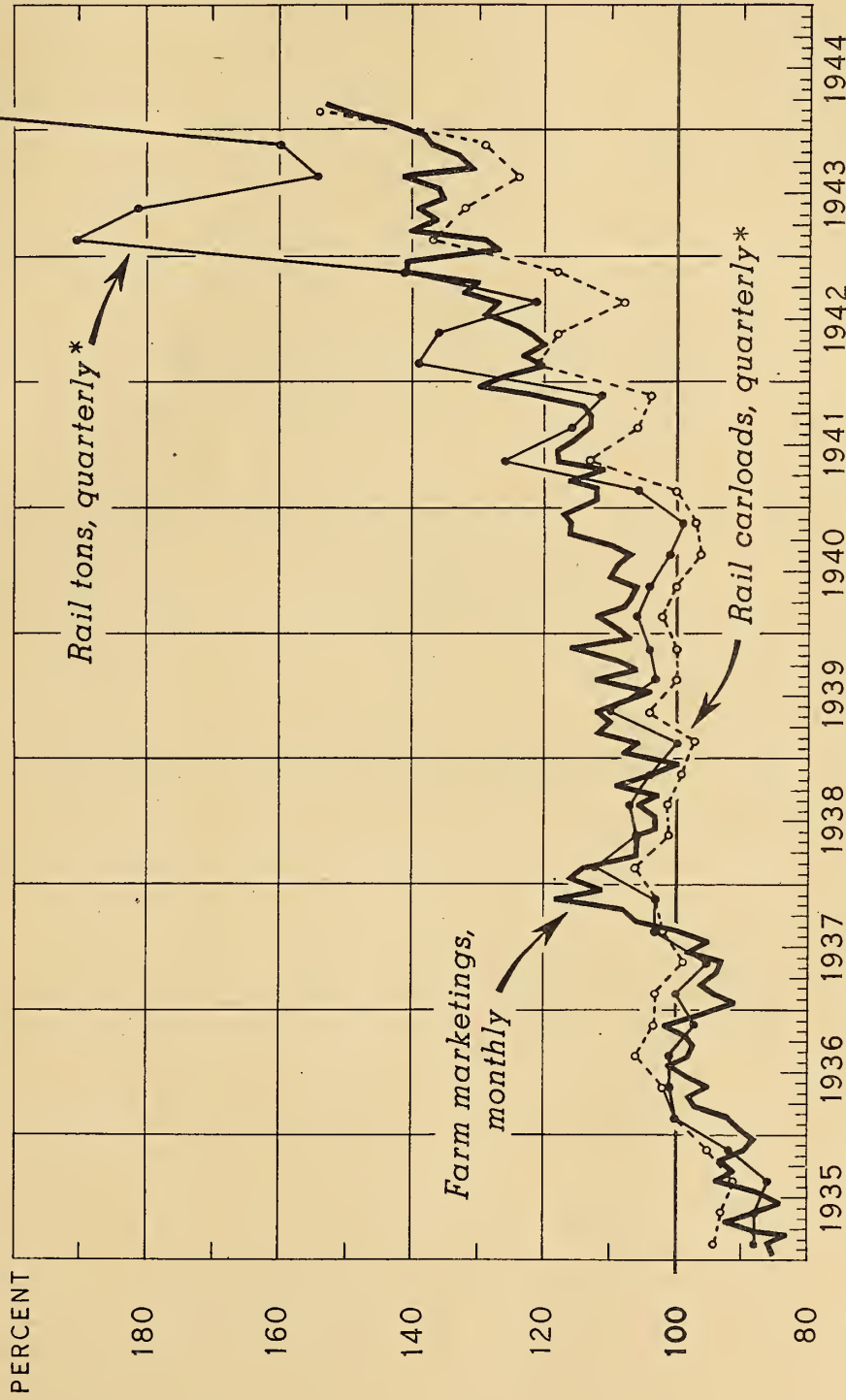
THE MARKET BASKET: BREAKDOWN OF RETAIL COST BY COMMODITY GROUPS INTO PAYMENTS TO FARM PRODUCERS AND PAYMENTS TO MARKETING AGENCIES, 1935-39 ANNUAL AVERAGES



Relative importance of major groups of farm food products is shown in terms of 1935-39 average annual cost per family, together with the breakdown of retail cost into charges for marketing and payments to farmers. Dollar values are proportional to shaded areas. The bulk of total food marketing charges are levied upon fruits and vegetables, bakery and cereal and miscellaneous products, although these items account for less than half of retail cost to consumers. Most of these items carry relatively high per unit marketing costs because they are highly perishable or require extensive processing.

PHYSICAL VOLUME OF FARM MARKETINGS AND RAILROAD AGRICULTURAL TRAFFIC, 1935-44

INDEX NUMBERS (1935-39=100) ADJUSTED FOR SEASONAL VARIATION



DATA ON RAIL TONS AND CARLOADS FROM FREIGHT COMMODITY STATISTICS, Q. 550, INTERSTATE COMMERCE COMMISSION.

* INCLUDES PRODUCTS OF AGRICULTURE AND ANIMALS AND ANIMAL PRODUCTS, AS CLASSIFIED BY THE INTERSTATE COMMERCE COMMISSION.

U. S. DEPARTMENT OF AGRICULTURE

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The wartime increase in farm marketings, along with a shift of traffic from motor trucks to railroads, has resulted in an enormous increase in the rail tonnage of raw and processed agricultural products. Heavier loadings of cars have made it possible for the railroads to accommodate the increase in traffic. As a consequence, carloadings have not risen as rapidly as tonnage.

